



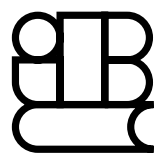
# Handbook of Human Resource Management in Government

*Second Edition*

Stephen E. Condrey, Editor

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Stephen E. Condrey



*Handbook of  
Human Resource Management  
in Government*

Consulting Editor

James L. Perry  
*Indiana University*



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*To Samantha*





## PREFACE

Over the past several decades, the once staid field of public personnel administration has emerged as the rapidly changing field of human resource management. Although some may consider this a mere difference in nomenclature, court decisions concerning test validation and employee rights, legislation such as the Americans with Disabilities Act of 1990, technological and demographic changes in the workplace, and political pressures for reform, reinvention, outsourcing, decentralization, downsizing, and privatization have thrust the human resource manager into a pivotal position in rapidly changing governmental organizations. These changes have transformed personnel administration from an insulated administrative function performed in relative isolation to a crucial managerial function performed at many organizational levels.

Since the first edition of this book was published in 1998, the field has continued to evolve. The most important changes are the increased calls for privatization of government services and the outsourcing of public human resource management functions. The states of Georgia and Florida have turned to more private-sector-oriented models to administer all or parts of their civil service systems. The newly formed federal Transportation Security Administration outsources most essential human resource management functions.

The *Handbook of Human Resource Management in Government* is designed to provide the reader—whether a student, scholar, or seasoned human resource manager—with a reference point from which to assess the needs and challenges

of his or her organization in the current public human resource management environment.

## AUDIENCE

Practitioners argue that much of what is printed in academic journals is obtuse and does not inform effective human resource management practices. Conversely, many academic researchers tend to discount the collective knowledge of practicing human resource managers. Of course, the truth lies somewhere between these two extremes. Much academic research supports effective human resource management practices, and there is much to be learned from managers who have spent years managing public human resource management systems. Thus the aim of the *Handbook* is to bring together a collection of well-researched, timely, and informative materials dedicated to providing practical guidance and advice for practicing managers and students in the field and to maintaining contextual relevance for those who study and teach human resource management.

## OVERVIEW OF THE CONTENTS

The *Handbook* is divided into six parts. Each part clusters around a specific theme; however, many topics are reinforced throughout the book. The first part, “Human Resource Management in a Changing Environment,” provides the reader with an appreciation of the current prospects and challenges of the public human resource management profession. This part begins with a discussion of how the role of the human resource manager is changing in reaction to the new organizational milieu. It also includes overviews of state civil service systems and the organizational and political environment of public human resource management. Part One also includes discussion of the “radical” civil service reforms of the past decade.

Part Two, “The Public Sector Workforce,” concerns staffing and managing the public sector workplace. The part begins with a discussion of recruitment and selection techniques and continues with a discussion of flexible work arrangements, diversity, managing an aging workforce, technological changes and influences, and the use of volunteers in the workplace.

Part Three, “Managing Human Resources,” provides information on a wide array of organizational topics of concern to public human resources managers. It begins with a discussion of organizational development techniques and explains how, when properly employed, they can be used to strengthen public organizations. Other chapters discuss creating a workforce environ-

ment supportive of ethical behavior, employee training and development, organizational culture and climate, and understanding and using conflict and employee unions.

Part Four, “The Legal Environment of Human Resource Management,” provides the reader with an appreciation for the legal context in which human resource management is practiced in public organizations. The part begins with an overview of the major statutes affecting the practice of public human resource management. The special constitutional rights and responsibilities of public employees and employers are addressed, as is the need to retain qualified legal counsel. Three separate chapters provide practical advice concerning equal employment opportunity and affirmative action, sexual harassment in the workplace, and the Americans with Disabilities Act.

Part Five, “Motivating, Assessing, and Compensating Employees,” begins with an overview of the different theories and methodologies for rewarding and motivating public employees. Individual chapters lend specific guidance on constructing a position classification system, designing and creating an effective compensation system, designing a performance appraisal system, and conducting job analyses and assessments.

Part Six, “Tools for Integrating Human Resources into the Organizational Mission,” maps out avenues human resource managers can take to break out of the often self-imposed box that has constricted the profession, and it describes instruments they can use to become more involved in the overall management of their organizations. Individual chapters furnish empirically based guidance on benchmarking and assessing organizational productivity; conducting strategic planning and analysis; conducting human resource management research; evaluating, hiring, and managing human resource consultants; and performing essential budgeting functions.

## ACKNOWLEDGMENTS

I would like to thank the many people who helped me in bringing this volume together. James L. Perry, editor of the Jossey-Bass Public Administration Series, and Dorothy Hearst, senior editor at Jossey-Bass, provided guidance, insight, and encouragement at many crucial junctures in the *Handbook*'s conception, development, and revision. Three anonymous reviewers went well beyond the call of duty in their thoughtful, thorough, and instructive comments on each of the *Handbook* chapters. Allison Brunner, senior editorial assistant at Jossey-Bass, was always available to facilitate the editorial process. I appreciate the assistance of senior production editor Xenia Lisanevich and copyeditor Bruce Emmer in the editing and production process.

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Each of the chapter authors is to be commended for his or her efforts in writing an insightful, practically oriented chapter for the *Handbook*. Without exception, they were thoughtful and responsive throughout the process. My sincere gratitude to each of you.

*Athens, Georgia*  
*October 2004*

Stephen E. Condrey



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*Handbook of  
Human Resource Management  
in Government*





# Toward Strategic Human Resource Management

Stephen E. Condrey

**C**alls for reform permeate the field of public human resource management. No longer can human resource managers be content to practice their profession in relative isolation. Increased pressures for relevance and oversight are now the norm. It appears that the language of downsizing, rightsizing, reinventing, reengineering, devolution, human capital, decentralization, outsourcing, and privatization has become part of the public human resource management lexicon. The challenge for the human resource manager is to anticipate and be prepared for necessary and relevant changes to the profession. The National Academy of Public Administration (2002, p. 11) makes note of the changing public sector environment:

First, the nature of work and the workplace are dramatically changing due to technological advances, the ability to develop and access vast amounts of data, and the need to communicate more rapidly and on more levels than ever before. Second, expectations of the workforce reflect differences in generational attitudes toward work and careers, adding another dimension to the challenge of managing a diverse workforce. Third, the shape of the workforce is changing, emphasizing a more blended workforce of permanent civil servants, temporary and intermittent employees, and contractors using a continuous process of public/private competition.

The purpose of this introductory chapter is twofold. First, a brief historical sketch of the field is presented to bring context to the chapters that follow. Second, four

organizing models for the delivery of human resource management services in public organizations are explicated. The strategic human resource management model that is discussed melds positive features of the traditional and reform models of human resource management. An emerging fourth model focuses on privatization and outsourcing and reflects the reality of current public sector human resource management.

## CHANGING PUBLIC HUMAN RESOURCE MANAGEMENT

Although the new path is not yet clear, change and the potential for change in U.S. public sector human resource management are evident, as they have often been throughout its history. As civil service systems slowly emerged in state and municipal governments after the Pendleton Act of 1883 established the federal civil service system, the personnel profession began to take on distinct functions in the recruitment, examination, and classification of public employees. Van Riper (1958) reminds us that public employees being selected and retained on the basis of merit was a novelty at that time: “Before the nineteenth century most civil servants were chosen upon what have been called, not always appropriately, political grounds. That is, most public appointments were made on the basis of partisanship, influence, wealth, family, personal loyalty, blackmail, or charity, rather than intelligence or competence to do their work” (p. 8).

Mosher (1982) posits that civil service systems, established in many instances to protect against the influence of partisan politics, were afforded an extraordinary amount of independence to develop and administer programs to protect our bureaucratic structures from the “evils” of spoils politics. The nascence of many civil service systems, with their moral overtones of “good” versus “evil,” coincided with the emergence of the field of scientific management. Given this “one best way” mentality, many classification and examination procedures became frozen in place, outside the purview of elected officials, other organizational departments, and managers. As time progressed, central civil service agencies designed to protect and professionalize public workforces became characterized as hindrances to effective management.

Fairly or not, to many, the public human resource management profession today represents rule-bound bureaucrats more interested in achieving their own short-term goals than the goals of the larger organization. Consider Savas and Ginsburg’s classic analysis of the New York City personnel system: “The system prohibits good management, frustrates able employees, inhibits productivity, lacks the confidence of the city’s taxpayers, and fails to respond to the needs of the citizens” (1973, p. 72). Although many critics fail to consider that personnel rules, regulations, and procedures were devised to professionalize government employees and protect them from undue political pressures, in many

cases, means and ends have indeed been reversed: line managers view human resource managers as an impediment rather than as partners in achieving organizational mission and goals. Conversely, human resource managers view line managers as a hindrance to proper human resource management. If human resource management is to remain an intact profession, it must strive to achieve relevance to organizations as a whole.

## HOW WE GOT WHERE WE ARE TODAY

Three relatively recent key events called the relevance and viability of central human resource management agencies and functions into question. The first was the application of the Civil Rights Act of 1964 to state and local governments by the Equal Employment Opportunity Act of 1972. Following the passage of the latter legislation, there was a great deal of introspection by central personnel agencies, civil service systems, government managers, and citizens about the relevance of traditional hiring practices and their results as seen in the composition of U.S. workforces. In some cases, this introspection was voluntary; in other cases, it was not. Numerous charges of unfair recruitment, testing, and performance appraisal techniques were brought to light through lawsuits, consent decrees, and the like. Government agencies, now forced to defend their respective personnel systems, were obligated to prove their techniques' validity and viability in cases where adverse impact on protected groups was detected. Traditional practices such as the rule of three (hiring restricted to the top three candidates for a position as measured by a civil service examination) and written tests based on scanty or nonexistent job analyses came crashing down. When personnel managers were required to justify their methods, in many cases these methods were found to be sorely lacking. This increased scrutiny forced personnel agencies to rethink time-honored practices and to become acquainted with more readily defensible, sophisticated psychological methodologies: validated assessment centers often replaced written tests, broadbanding of test scores replaced strict rules of one or three, and performance appraisal systems moved from trait-based systems toward more job-related and interactive measures. In this way, implementation of the Equal Employment Opportunity Act of 1972 helped professionalize and energize a once dormant field. Conversely, it also laid the groundwork for a serious questioning of the role that central personnel agencies had in managing modern organizations.

The seeds of this questioning began to show evidence of fruition in the Civil Service Reform Act of 1978 (CSRA), the second major event that helped shape the current environment of public human resource management. Whereas the Equal Employment Opportunity Act of 1972 eventually disclosed tried-but-not-true personnel practices, response to the CSRA initiated a steady call to decentralize personnel functions and decisions.

Enacted during the Carter administration, the Civil Service Reform Act sought to bring businesslike procedures to the federal government, most notably through a merit pay experiment for federal mid-level managers. Espoused as a proven private sector technique, merit pay sought to link managerial performance to compensation, eliminating time-in-grade step increases (which, ironically, were first designed to be associated with individual performance). Although time has proved the federal government's merit pay experiment a failure, merit pay and, more important, a view of the private sector as a model for public sector human resource management diffused and continues to diffuse to many state, city, and county government organizations.

Merit pay, like many of the provisions of the Civil Service Reform Act, was born of the idea that government bureaucracies and the public personnel administrators that had great influence in controlling them had become insulated from executive and political input and control. With the advent of the Reagan administration and a coinciding era of cutback management, government organizations at all levels began to question bureaucratic structures and processes. Organizations were instructed to do more with less and to become more efficient, effective, and accountable to executive and public oversight and control. Soon government organizations were called on to reinvent themselves. In many instances, reinvention focused on personnel practices; this, for example, was the case for the National Performance Review. Headed by Vice President Al Gore, the National Performance Review called for decentralizing many federal human resource management functions and encouraged the empowerment of managers to act with discretion rather than purely through applying rules and regulations (Gore, 1994).

In the past decade, "radical reform" of public human resource management systems has emerged, the third major force that shapes the field today. An outgrowth of the "new public management" movement, pressures for reform now permeate the field. Consider the state of Georgia's abolition of property rights for civil service employees hired or promoted after July 1, 1996. In a similar vein, the state of Florida's Service First initiative has abolished tenure for upper-level managers, increasing the opportunity for gubernatorial influence and control. (Condrey and Maranto, 2002; West, 2002).

Heading farther in this radical trajectory is the recently formed Transportation Security Administration (TSA). The legislation authoring the TSA privatizes and outsources almost all important human resource management functions, including recruitment and selection. Beyond the specific case of the TSA, it is becoming commonplace for many governmental organizations to contract for work that in the past was performed by career government employees.

This combination of privatization of traditional governmental functions, coupled with an increased propensity to outsource human resource management functions, has placed a strain on the traditional role of the public human re-



source manager. In Chapter One of this book, Carolyn Ban notes, “Contracting out of a significant percentage of the work of the organization also has broad implications for the personnel office. It may result in a significantly smaller workload as the contractors become responsible for hiring, paying, assessing, and providing benefits to their own employees. In general, governmental officials may have to face the problem that contracting out may result in loss of control over vital organizational functions such as recruitment, staffing, and training.”

Montgomery Van Wart, in Chapter Thirteen, echoes Ban:

Organizations in the postmodern era will be affected by a number of forces. In general, the new conditions will be typified by an unstable environment with growing competition, undependable funding, little notice before mission changes, rapidly evolving technology, and a more variable and part-time workforce. Unlike the past, when incrementalism was the bedrock experience of the public sector, today downsizing, privatizing, and restructuring are being considered at every level of government and are constant topics of public discussion in newspapers, on talk shows, and among politicians from both major parties.

Such is the environment in which public human resource management operates.

## PERSONNEL ADMINISTRATION AND THE CALL FOR REFORM

“Personnel administration lies at the very core of administrative management. Its thrust should be positive and substantive, not negative and protective, not specialized and procedural as had been the emphasis of the predecessor civil service movements. . . . It should operate primarily as a service to managers up and down the line, not as a watchdog and controller over management. . . . Personnel operations . . . should be decentralized and delegated to bring them into more immediate relationship with the middle and lower managers whom they [serve].” This view of human resource management comes not from reports of the National Performance Review or the Winter Commission on State and Local Government but rather from Frederick Mosher’s synthesis (1982, p. 86) of the 1937 Brownlow Committee report. In the nearly seven decades that have elapsed since the publication of the Brownlow report, many of its key tenets for reform remain viable and are discussed and debated in academic journals, classrooms, contemporary reform commissions, and city halls and county courthouses across the United States. These consistent and recurring criticisms focus on the traditional model of personnel administration as being more concerned with rules and procedures than with the effective functioning and management of public organizations.

In a similar vein, Perry and Mesch (1997) explicate a new vision and role for public human resource management, stating that “advocates of strategic human

resource management . . . contend that the human resource function can contribute more effectively to mission accomplishment and the achievement of organizational goals” (p. 21). Perry (1993) calls for a redefinition of the relationship between the Office of Personnel Management (OPM) and federal agencies and among the managers inhabiting both. He states that “one idea associated with strategic human resource management is that the style of human resource management is consistent with the strategy of the organization and that human resource practices are adjusted, accepted, and used by line managers and employees as part of their everyday work” (pp. 59–60). He explains that the strategic delivery of human resource services helps narrow the gap between the competing needs of line managers and human resource managers because its central focus is on the optimal functioning of the organization, not on two distinct sets of values or priorities.

## **DELIVERY OF HUMAN RESOURCE MANAGEMENT SERVICES: FOUR MODELS**

My purpose here is to explicate three distinct models and one emerging model for the delivery of human resource management services in public organizations. The intent is to provide an organizing focus for the *Handbook* and also to foster discussion of a service delivery model that combines the positive features of the traditional centralized personnel service delivery model with the features of a reform model predicated on decentralization of personnel service delivery to the lowest possible operational level. Although no one model can address the particular needs and concerns of every public organization, this discussion is intended as a step toward generating introspection in the field, with the ultimate goal of creating and maintaining a viable and relevant home for the practice of personnel and human resource management in public organizations.

### **Traditional Model**

The traditional model of public human resource management focuses on a central personnel organization dictating rules and procedures, ostensibly to achieve fairness and equity in public sector organizations. Little thought is given to line functions of the organization, whether they be paving roads, providing recreation services to citizens, delivering social services to clients, or fostering diplomatic relations with a foreign country. Of course, such a focus was not the original intent. As Van Riper points out in his study of the U.S. Civil Service (1958), central personnel functions were aimed at professionalizing the workforce and providing equity and fairness in distributing a public good: government jobs. Beginning in the late 1800s, the federal government and major U.S.

cities began to centralize personnel functions such as hiring, testing, recruitment, and classification. Influenced by the progressive reform movement and theories of scientific management, personnelists sought the one best way to hire, classify, appraise, reward, and promote public employees. Furthermore, the Intergovernmental Personnel Act of 1970 and previous federal legislation encouraged local governments to create civil service systems with the promise of ensuing federal revenue-sharing dollars.

### **Reform Model**

The reform model seeks to decentralize personnel authority and decision making to line managers. Almost a mirror image of the traditional model, the reform model values dispersal of real personnel authority to various organizational units, allowing them to make crucial decisions concerning employee recruitment, selection, classification, and remuneration. In many instances, these decisions may be made by line managers having little formal knowledge of or training in modern human resource management practices and techniques. The result may be responsive to the immediate needs of the organization; however, with no central organizing focus, problems of equity and fairness within and among organizational units may appear. For example, effective and consistent management of equal employment opportunity goals may be hampered, pay disparities may become prevalent, and employee assessment inequities may arise.

### **Strategic Model**

The strategic model suggests merging the two archetypal models just discussed. Borrowing from Perry's discussion of a strategically oriented federal civil service system (1993), the strategic model seeks to balance the competing demands of the traditional and reform models, recognizing the benefits of some centralizing efforts but also realizing that human resource management takes place throughout an organization and should support, not hamper or subvert, the organization's overall goals. In the strategic model, the personnel function is shared between personnel authorities and the line departments that use human resource services. Activities that can use such cooperative arrangements include devising and administering assessment centers, recruiting key personnel, and restructuring organizational classification systems. Here the human resource manager is an organizational consultant, a valued member of the managerial team, not a roadblock to be avoided. Mesch, Perry, and Wise (1995) note that "the strategic human resource management model emphasizes decentralization and devolution of authority. It seeks not uniformity but variety in personnel policies and practices. [Strategic human resource management] attempts to pare down excessive rules and regulations, enabling managers to function more efficiently and to focus on achieving their organizational mission within a competitive environment" (p. 398).

### **Privatization or Outsourcing Model**

As of this writing, a privatization or outsourcing model of public human resource management is exerting greater influence in the field. As government payrolls constrict and political leaders increasingly look to the private sector for models of organization, outsourcing and privatization of the public human resource management function will likely continue, especially for large organizations in which economy-of-scale factors make privatization and outsourcing more feasible.

In this model, the public human resource management function becomes increasingly moot. The challenge for organizations and managers alike is to retain coordinative control over the human resources function when privatization and outsourcing occur. It should not be forgotten that even if various functions are performed by a private entity, the public's business and welfare are still at stake. Issues of fairness, representative bureaucracy, and equity should not be dismissed. The writing, management, and oversight of contracts should strive to represent the values of effective and responsive public service.

## **COMPARING THE MODELS**

I shall now compare and contrast the four models of public human resource management in terms of eight important factors: service delivery, goal orientation, communication patterns, feedback characteristics, value orientation, the role of the personnel or human resource manager, the perception of the human resource management profession, and the role of education for human resource managers. The comparison is summarized in Table I.1.

### **Service Delivery**

In the traditional model, personnel service delivery is centralized through a unitary personnel authority, be it a civil service commission or a personnel department. It is within this central unit that decisions affecting an organization's total personnel program are made, including decisions concerning recruitment, selection, classification, performance appraisal, and compensation. The archetypal reform model strips important functions from the central personnel authority and drives them downward to the operating units of the organization. Here, personnel decisions may be made by managers having little formal training in or appreciation of modern human resource management techniques.

The strategic model views service delivery as a collaborative effort between line managers and a human resource management delivery unit. In the strategic model, important personnel decisions are made with the joint cognizance and cooperation of personnel professionals and operating unit managers. Examples

Table I.1. A Comparison of Four Models of Public Human Resource Management.

Function	Traditional Model	Reform Model	Strategic Model	Privatization or Outsourcing Model
Service delivery	Centralized	Decentralized	Collaborative	Contract
Goal orientation	Uniform enforcement of rules, policies, and procedures	Manager-centered	Respectful of human resource management and organizational goals	Effective contract negotiator and administrator
Communication pattern	Top-down	Two-way	Multidirectional	Reports and contract monitoring
Feedback characteristics	Formal and informal complaints	Muted	Continuous	Muted
Value orientation	“Merit”	Immediate responsiveness to organizational mission and goals	Effective organizational functioning coupled with a respect for effective human resource management practices	Efficiency; private sector preference
Role of human resource manager	Enforcer of “merit”	Diminished authority and control	Organizational consultant	Contract negotiator and administrator
Perception of human resource management profession	Hindrance to effective organizational functioning	Adjunct collection of skills	Full managerial partner	Diminished
Role of education	Public personnel administration	Adjunct to managerial skills	Human resource management, general management, practical focus	Contract negotiation and administration skills

of collaborative service delivery include the joint development of selection and appraisal devices, the use of the operating unit's expertise in designing effective recruitment and training strategies, and the development of classification and compensation systems that respect equity but allow managerial personnel discretion to reward employee development and performance through the use of career ladders and skill- or knowledge-based pay incentives and adjustments. Collaborative service delivery requires the personnel professional to break out of the central personnel agency box and to become intimately aware of the functional specifics of operating departments. Likewise, line managers are exposed to the opportunities and constraints that influence the delivery of public human resource management services.

In the privatization or outsourcing model, service delivery is performed by a private contract entity. Payroll processing, recruitment, examination, and other important services may be performed outside of the direct purview of the public human resource manager and other managers in the organization. The challenge to both is to write, administer, and monitor contracts in a manner that meets organizational requirements and the public interest alike.

### Goal Orientation

A critical element in moving toward a strategic approach to human resource management is a shift in goal orientation. The traditional goal of central personnel agencies focuses on the uniform enforcement of rules, policies, and procedures—that is, the effective objectification of personnel decision making. Taken to an extreme, this concentration on rule enforcement becomes the agency's primary end. Unintended consequences include a dissociation of the central personnel agency from the organization's operational goals and objectives. In the words of Wallace Sayre (1948), personnel administration obsessed with a dependence on rule orientation represents a “triumph of techniques over purpose.” For example, strict enforcement of a rule of one or three for personnel selection, originally intended to reward merit and discourage patronage and favoritism, may actually hinder managers in appointing staff responsive to organizational needs.

In an opposite but similar fashion, the goal orientation of the reform model is manager-centered. Here the decentralization of the personnel function forces the goal orientation to cluster around the individual goals of agency managers. At the same time, such an orientation may hamper overall organizational goals, such as pay equity and affirmative action efforts.

The strategic model of public human resource management seeks a goal orientation that is respectful of effective human resource management practices yet responsive to the organization's overall goals. For example, the banding of examination scores into “highly qualified” and “qualified” groupings might meet the goal of allowing managerial discretion in employee selection yet also main-

tain respect for the principle of merit-based appointments. In the privatization or outsourcing model, the human resource manager focuses on effective contract negotiation and administration.

### **Communication Patterns**

In the traditional model, communication is primarily top-down: directives from the central personnel authority are disseminated to line managers. The reform model seeks two-way communication between personnel administrators and line managers; however, in this model, standard notions of hierarchy and authority may be retained. Building on the two-way communication of the reform model, the strategic model relies on multidirectional communication, including communication with the ultimate consumers of human resource management services: employees. Multidirectional communication is the natural result of strategic human resource management's integration into organizational mission and function. Communication in the outsourcing or privatization model takes the form of reports as well as contract-monitoring activities.

### **Feedback Characteristics**

Related to communication patterns are feedback characteristics. In the traditional model, feedback consists primarily of formal and informal complaints from line managers to the central personnel authority. Feedback to human resource managers in the reform model may be muted because many personnel functions are performed in relative isolation in line departments, without the benefit of a central organizing focus for the delivery of services. The strategic model envisions continuous feedback among central personnel agency staff, organizational managers, and employees. Direct feedback may be muffled or lost completely in the privatization or outsourcing model.

### **Value Orientation**

Frank Thompson (1990) notes that "multiple values, uncertainty, and the political culture present major challenges to those who seek to improve civil service systems and to those who manage within them" (p. 368). The traditional model values merit. The central personnel authority is viewed as the neutrally competent guardian of the merit principle. The reform model values immediate responsiveness to organizational mission and goals, which may or may not be in conflict with traditional notions of merit. The strategic model seeks to enhance effective and responsive organizational functioning while still respecting the traditional values of merit and equity. This is possible when personnel service delivery is collaborative and when there is a mutual understanding of both organizational and human resource system goals. The privatization or outsourcing model values efficiency and private sector values, perhaps to the detriment of other important organizational values.

### **Role of the Human Resource Manager**

The role of the public human resource manager varies widely among the four models. Although the traditional model reinforces the manager's role as guardian of the merit principle, both the reform model and the privatization or outsourcing model, brought to their logical extremes, provide no substantive role for the human resource manager. In the strategic model, the human resource manager's role is that of organizational consultant, skilled in personnel techniques and practices and knowledgeable about the organization. This role is compatible with that envisioned by the National Academy of Public Administration (1995): "The role of HR professionals must shift dramatically from reactive paper processors to accountable consultants and advisors" (p. 5).

### **Perception of the Human Resource Management Profession**

Similarly, the perception of the human resource management profession varies widely as seen through the lens of the four models. The profession is viewed as a stilted and isolated administrative function in the traditional model; as such, it is perceived as a hindrance to effective organizational functioning. The reform and privatization or outsourcing models leave little room for human resource management as a distinct profession; rather, these models perceive human resource management as a collection of skills to be added to skills in standard managerial functions. The strategic model seeks to elevate the human resource management profession to the role of full managerial partner, with substantive knowledge of human resource management as well as general management.

### **Role of Education**

In the traditional model, education for human resource managers is limited to topics such as employee recruitment, staffing, selection, and position classification. Because the reform model envisions no substantive role for the human resource manager, the role of education is relegated to elective selections from the traditional topics. Education for the human resource manager in the privatization or outsourcing model would emphasize contract negotiation and administration skills. As evidenced by the discussion of the preceding seven factors, the strategic model places demands on educational institutions to produce human resource management professionals knowledgeable of human resource management theory, general management, organization theory and behavior, and consulting theory and practice and possessing a substantive and practical focus on sophisticated human resource management techniques and practices. Such an educational background will enhance the role of the human resource manager, the perception of the profession, and most important, the relevance of human resource management to general management and administration.



## CONCLUSION

The strategic model of personnel service delivery is presented as a viable alternative to the traditional and reform service delivery models. Borrowing positive features from both models, the strategic model seeks to place the public personnel administrator or human resource manager in a viable and critical role in managing modern public organizations. This role is key to the effective and equitable functioning of public organizations and, likewise, critical to enhancing and maintaining a viable field of public human resource management. The privatization or outsourcing model is an emerging model and sketches out a heuristic role for public human resource managers as human resources and government functions are increasingly privatized and outsourced.

This edition of the *Handbook of Human Resource Management in Government* appears at a critical juncture in the development of public administration and human resource management. As change abounds, it is imperative that practicing human resource managers and scholars and students in the field push human resource management toward a role in public organizations that helps ensure the relevance and viability of the field. It is to this end that this *Handbook* is dedicated.

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## PART ONE



# HUMAN RESOURCE MANAGEMENT IN A CHANGING ENVIRONMENT

*Devising ways to make government work better is  
not a task for the fainthearted or short-winded.*

—Frank J. Thompson, *Revitalizing State and Local Public Service*\*

As governments at all levels—federal, state, county, and municipal—search for ways to reform themselves, it is imperative that human resource managers be positioned to assist, survive, and thrive in this new public sector milieu. The *Handbook of Human Resource Management in Government* begins with an introspective look at how public human resource management has changed and continues to change as it finds its place in our complex government environment. The four chapters in Part One examine change in the public human resource management field as it pertains to the role of the human resource office, the reform of centralized civil service systems, and the political environment in which public human resource management operates.

In Chapter One, “The Changing Role of the Human Resource Office,” Carolyn Ban calls on human resource managers to maintain the relevance of the profession. Ban traces the role of the personnel office from a regulatory and clearinghouse function toward a more strategic model in which human resource managers are actively involved in making key organizational decisions: “The new charge is to support the mission of the organization. The strategic approach to HR also entails a new power relationship within the organization, with the senior HR staff functioning as part of the management team, sitting at the table

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\*Thompson, F. J., ed. *Revitalizing State and Local Public Service: Strengthening Performance, Accountability, and Citizen Confidence*. San Francisco: Jossey-Bass, 1993, p. xi. Reprinted with permission.

with top management when major policy or program decisions are being made and ensuring that HR implications are considered. In sum, HR is no longer simply handling routine tasks or providing consulting services on a voluntary basis. Rather the HR organization becomes a major player—an integral part of the strategic planning process.”

Donald E. Klingner and Dahlia Lynn, in Chapter Two, “Beyond Civil Service: The Politics of the Emergent Paradigms,” describe the historical development of public human resource management in the United States and its relationship to the competing values of responsiveness, efficiency, employee rights, and social equity. They then trace the shift in values over the past two decades toward the emergent values of personal accountability, limited government, and community responsibility. With an increased emphasis on outsourcing and privatization, the authors conclude that “public human resources will be increasingly expected to operate within a framework of structures, processes, and people that are to a large extent outside of immediate control yet are part of the collective enterprise.”

Chapter Three, “Radical Civil Service Reform: Ideology, Politics, and Policy” by J. Edward Kellough and Lloyd G. Nigro, discusses the “radical reforms” of the past decade, from abolition of civil service protection for state workers in Georgia to outsourcing of human resource functions in the federal Department of Homeland Security.

Originally created to professionalize public workforces and insulate public employees from the influences of spoils politics, civil service systems have of late been vilified as examples of much that is wrong with public human resource management in the United States. In Chapter Four, “State Civil Service Systems,” Keon S. Chi supplies a thorough and objective overview and analysis of U.S. state civil service systems. He presents data from recent national surveys that elucidate reform efforts in state government civil service systems. Selected reform proposals and recommendations from various studies, changes in state classification and compensation systems, and an overview of major human resource management issues are highlighted. Chi concludes with a discussion of plausible future reform and redefinition of state civil service systems.

In these first four chapters, the authors delineate some of the many factors, both within and beyond the control of the public human resource manager, shaping the current environment of the public human resource management profession. Recognizing and reacting to these changes is vital as we seek to position our profession as integral to the reinvented public sector. The chapters in Part One guide us toward this objective.



# The Changing Role of the Human Resource Office

Carolyn Ban

Calls for reform of civil service systems and for a redefinition of the role of public sector human resource offices have been a perennial part of the dialogue about public management. From before the Civil Service Reform Act of 1978 through the National Performance Review in the 1990s to the present Bush administration's management agenda, reformers have argued that human resource offices should move away from their traditional role, with its focus on routine processing of personnel transactions and on control and enforcement of rigid civil service laws (West, 2002). They have been exhorted, rather, to take on new roles more aligned with the mission of the agency or organization and more responsive to management's needs. The trend, however, is "toward a strategic balance between centralized and decentralized structures . . . [that is, toward] a middle ground of strategic balance and sharing" (Ingraham, Joyce, and Donahue, 2003, p. 82). This chapter will explore the reasons for these calls for change and the specific critiques of the traditional personnel office roles. It will present three related models for reform. Finally, it will look at three factors now affecting how human resource offices define their roles and do their work.

Before we turn to the issue of new roles for the human resource office, it is useful to look briefly at the context for this discussion: the structure of the personnel process in the public sector. In the private sector, each business or organization is free to establish its own personnel system, although it must work within the constraints posed by a growing body of employment law governing

such issues as affirmative action, labor relations, rights of the disabled, and family and medical leave. In the public sector, traditionally, individual agencies have had little freedom to design their own personnel systems; they must operate within civil service laws. Traditional civil service systems were complex and highly formalized and stressed uniformity rather than flexibility. Also, traditionally, a centralized body, such as a civil service commission or, at the federal level, the U.S. Office of Personnel Management, not only set the rules but also actually administered the system, developing and administering civil service examinations for hiring and promotion and establishing pay policy, among other functions. These centralized organizations also had the responsibility of oversight over agency personnel offices. As we shall see, the role of these centralized organizations is changing, in many jurisdictions, as a result of reforms designed to deregulate and decentralize the personnel function. Those reforms are key to understanding the changing role of agency personnel offices.

## **WHAT IS THE PROBLEM?**

### **NEGATIVE IMAGES OF THE PERSONNEL OFFICE**

The traditional role of the personnel office in government, as it evolved since the creation of civil service systems in the late nineteenth century, emphasized two functions: routine processing of administrative procedures, such as payroll and retirement, and enforcement of an increasingly convoluted set of laws, rules, and regulations governing the civil service system. Managers became increasingly dissatisfied both with the restrictions posed by this system and with the service they received from personnelists. They critiqued the inefficiency with which routine processing was managed. More important, they were strongly critical of the negative stance of personnelists, their heavy focus on compliance, and their tendency to be “naysayers,” that is, to tell managers that they can’t do what they want rather than helping them find a way to meet their goals within the system. Past criticisms of personnel offices focused on “personnel staff’s excessive concern with strict compliance with the rules and procedures rather than results” and from “lack of sufficient staff resources in the personnel office” and “lack of sufficient skill in the personnel staff” (U.S. Merit Systems Protection Board, 1993, p. 21).

These critiques of the traditional personnel system reached back decades. Alan Campbell, who spearheaded the effort that led to the Civil Service Reform Act of 1978 and who became the first head of the U.S. Office of Personnel Management, excoriated personnelists for “rigidity, inflexibility, and a turn of mind . . . that thinks in terms of protecting the system; can’t do, rather than can do” (1978,

p. 61). At the heart of the problem was a deep-seated role conflict between personnelists and line managers. As I have said elsewhere (Ban, 1995, p. 91):

Personnel staff saw themselves as the “keepers of the flame,” charged with preserving merit in the merit system—a probably accurate reflection of congressional intent. This view of their role was also instilled by their socialization, both inside most agencies and particularly in training given by the Office of Personnel Management (OPM) and its predecessor, the Civil Service Commission (CSC), which reinforced in budding personnelists an adversarial view of the system. They were conditioned to see managers as the people asking them to break the rules—to violate the merit system.

In addition to tensions resulting from this traditional compliance function, conflict has arisen because personnel offices serve multiple clients; they work for managers but also for employees themselves. Thus they risk being seen as either “management tool or employee advocate” (Straus, 1987).

### THREE MODELS OF REFORM

While reformers’ descriptions of the problems with the traditional system have much in common, over the years they have proposed a range of new roles for the personnel office. Reform can differ along three dimensions. First, reform proposals may focus on how the personnel office does its work. The first model, which I term the *customer service model*, assumes that the personnel office will perform most or all of the usual functions but exhorts personnelists to do what they do better and faster, recognizing that the manager is their key customer.

Second, reform may focus on the functions of the personnel office. Model 2, which I term the *organization development and consulting model*, urges personnelists to take on new functions within the organization, serving as internal consultants to managers on a wide range of organizational issues. This approach is sometimes combined with the suggestion that personnel offices give up some of their traditional functions.

Finally, reform can focus on where the personnel office sits within the organization—on its power and role in organizational policy. In the third model, the *strategic human resource management model*, the role of the personnel office is to support the strategic mission of the organization or agency as a whole. To meet that goal, human resource (HR) leaders are urged to act as full members of the management team, linking personnel and HR policy to agency mission, goals, and policy.

Although it makes sense to separate out these strands of reform for analytical purposes, in fact they are often intertwined, with organizations pursuing reform

along two or three of these dimensions simultaneously. Thus as we examine each model, it is important to look at the way that strategies for change reinforce or conflict with each other.

### Model 1: Customer Service

Scholars and advocates for reform have articulated the customer service model for more than three decades (Balk, 1969; Campbell, 1978; Nalbandian, 1981). Quite simply, they urged personnelists to do what they do better and faster and to be more responsive to the needs of managers. More specifically, this means improving accuracy and speed in processing routine administrative actions. It also means taking a more positive attitude toward managers' requests, helping them find creative ways to do things within the constraints of the system instead of simply saying no.

### Model 1 Change Strategies

As we have seen, both managers and scholars have recognized that much of the problem is inherent in the rules and regulations within which personnelists are forced to work. Thus a key thrust of reform proposals is to deregulate civil service systems (National Academy of Public Administration, 2000). At the federal level, this was a central theme of the Clinton-Gore efforts at reinventing government. The report of the National Performance Review (NPR) critiqued the excessive complexity and rigidity of civil service regulation and argued that "we must enable all managers to pursue their missions, freed from the cumbersome red tape of current personnel rules" (1993, p. 22). Indeed, one of the first actions taken under the NPR was to abolish the federal government's ten-thousand-page *Federal Personnel Manual* (Ban, 1998).

The push to deregulate is not partisan. Although the present Bush administration reversed some of the innovations of the NPR, especially in labor-management relations, the push to deregulate continues to be a central theme of federal reform efforts, although the focus is currently on agency-by-agency rather than systemwide reform.

Advocates of state-level reform have also focused on the need to deregulate. For example, the National Commission on the State and Local Public Service (known as the Winter Commission, after its chair, William Winter, a former governor of Mississippi) decried "rule-bound and complicated systems" and argued that "we must not be so hidebound in order to protect against failure that we quash the spirit of innovation" (p. 25). Recent reforms in several states have stressed both deregulation and decentralization.

Efforts to improve customer service have focused on several specific strategies. Among them are rethinking the structure and culture of the personnel office, upgrading the training personnelists receive, and relying more heavily on technology to improve service. The 1990s saw the introduction of Total Quality



Management (TQM) in personnel offices in both the federal government and in state and local governments (Berman, 1997). TQM encouraged personnel staff to examine their relationships with their customers and to set measurable goals for their work. It also stressed restructuring work, with a movement away from narrow specialization toward a more generalist approach, with cross-training so that one staff person or a team could follow through all the related steps of a complex personnel action and could build ongoing relationships with a specific group of customers (Barzelay, 1992). TQM can be seen as one among a series of management trends, and it is no longer the hot new thing. But even though many organizations have moved on to newer reforms, the core values of TQM continue to shape the strategies for introducing or reinforcing a customer service focus among personnel staff.

Whereas TQM focuses on building teamwork among staff members, different organizations and jurisdictions have taken quite different approaches to restructuring to improve service. Many proposals for change have stressed the need to decentralize the HR function down to the operating level in order to give managers the service they need. Both the NPR and the Winter Commission expressly called for decentralization, and the NPR reforms resulted in virtually eliminating the central role of OPM and delegating responsibility for hiring, across the board, to individual agencies (U.S. Merit Systems Protection Board, 2002a). Yet some research (Ban, 1995; National Academy of Public Administration, 1996) has shown that centralized personnel functions, if well managed, can provide high-quality service. Indeed, one of the ways many federal agencies have coped with cuts in the size of HR staff has been to eliminate many local HR offices and to consolidate service in regional or national offices (Ban, 1998).

Improving customer service may also require upgrading the skills of the personnel staff. Past studies (U.S. Merit Systems Protection Board, 1993) found not only that managers felt that the personnel specialists they dealt with were underprepared but also that more than half the personnel staff members themselves felt that they lacked the skills or training they needed. These skill deficits have been exacerbated by the very low staffing levels in many personnel offices. But increasing personnel staff numbers is not a viable option in most jurisdictions. At the federal level, one of the legacies of the Clinton years is a sharp reduction in the number of HR staff (Ban, 1998), and there is no indication that the Bush administration intends to reverse that trend. State and local governments, many of which are facing severe budget pressures, are also not likely to invest in larger HR staffs. And the funds necessary to train new HR staff members or to upgrade the skills of existing staff are also often in short supply.

At the same time, the demands for customer service have increased, particularly at the federal level, with the delegation of hiring to the agencies. This is a significant increase in responsibilities, and it comes at a time when many agencies are increasing their hiring and just as a wave of retirements is about

to hit. In particular, HR offices now have to recruit actively, to develop assessment methods specific to their agencies, and to rate and rank candidates. At the same time they are under intense pressure to speed up the hiring process (U.S. Merit Systems Protection Board, 1999, 2002a).

The increasing demands for customer service, coupled with the increase use of technology to provide service, have led to a recognition that better service will result if HR offices are staffed by generalists rather than specialists and by people with a “combination of people skills and technical skills”; these people, however, are not easy to find (West and Berman, 2001).

## **Model 2: Organization Development and Consulting**

Model 2 poses even greater challenges than model 1, since it requires the HR office to expand its services beyond the traditional narrow definition of the personnel function. Further, the personnel staff must offer these new services on a voluntary basis, relying on requests from their customers, that is, from managers. This requires a very different relationship with management than the old oversight function does and thus a far greater culture change for personnel staff. Moreover, model 2 requires staff with a whole new range of skills and knowledge. Staffing and classification specialists don’t automatically know how to conduct employee surveys or how to counsel managers on strategies for restructuring their operations or improving productivity.

The potential for conflict with traditional roles is, of course, also greater with model 2. One study of civil service reform at the state level pointed out the difficulty of reconciling these roles and quoted a personnel director making the parallel between centralized civil service operations and centralized oversight of finance: “I assure you that when folks have a difficult question about a financial decision, they don’t call the state auditor. They call somebody who will help them decide what the state auditor might say. Balancing performance review with being consultative is difficult because it will mean that it will be in the agencies’ best interest to hide all difficult or questionable decisions instead of seeking advice” (Carnevale, Housel, and Riley, 1995, p. 25).

One approach, then, is to separate the two functions organizationally, with a personnel unit performing the traditional functions and an HR unit providing consulting services to managers. Another approach is franchising or outsourcing of the routine personnel functions. The argument is that this will save money via economies of scale and free internal resources for providing consulting services.

Another strategy linked both to improved customer service and to changing roles for the personnel office is delegation of greater authority over personnel decisions to line managers. The intention is to empower managers, letting them perform basic personnel functions, such as classifying positions. The U.S. Merit Systems Protection Board (2002c) has called for giving managers “levels of au-

thority commensurate with their human capital responsibilities” (p. 14) and for simplifying the classification system so as to “permit managers to assign work and set pay based on the particular competencies and performance of the candidate or employee” (p. 13).

At the same time, in theory, delegation of authority should lead to a changed role for personnelists, who are no longer the controllers and who become consultants helping managers exercise their new authority. Some managers will clearly welcome the freedom to “do it yourself.” But as Nigro (1990, p. 195) has put it, this approach “imposes extraordinary demands on administrators while saying very little about how they should go about meeting this challenge.” Particularly at a time when, in the federal government, managerial ranks are being thinned and spans of control broadened, asking managers not only to supervise more people but also to take on responsibility for personnel functions may make them feel overburdened and resentful. Indeed, some managers have rejected taking on broader HR authority (Ban, 1995).

### **Model 3: Strategic Human Resource Management**

The third model focuses on a strategic human resource management approach. This envisions not only a changed role for the HR office but also a changed way of thinking about HR’s primary responsibility. No longer should the focus be only on carrying out the rules and regulations; the new charge is to support the mission of the organization. The strategic approach to HR also entails a new power relationship within the organization, with the senior HR staff functioning as part of the management team, sitting at the table with top management when major policy or program decisions are being made and ensuring that HR implications are considered. In sum, HR is no longer simply handling routine tasks or providing consulting services on a voluntary basis. Rather, the HR organization becomes a major player—an integral part of the strategic planning process (Office of Personnel Management, 1999).

Recently, the terminology has shifted, particularly at the federal level, and this approach is now termed the “human capital” approach. Human capital is defined as “the know-how, skills, and capabilities of individuals in an organization,” which is seen as the most important resource, particularly for knowledge-based organizations (Lengnick-Hall and Lengnick-Hall, 2003, p. 3). The movement to this new terminology was explicitly addressed in a recent publication of the U.S. Merit Systems Protection Board. In an article titled “New Terminology Highlights Need for Change” (2002b, p. 1), the board gave the following explanation for adopting the term: “The term focuses the highest level of management attention on managing agency resources. It connotes a strong relationship to financial resources which easily captures managers’ attention.” Salaries and benefits, it points out, are “often our number one expense, but the federal government has not spent sufficient effort managing this important asset.”

The human capital challenge has been identified by the General Accounting Office (2001) as a high-risk area for the federal government, and strategic management of human capital is one of the five governmentwide initiatives of the President's Management Agenda (Office of Management and Budget, 2002).

Model 3 differs from model 2 in both level of involvement and scope of issues covered. The consulting provided under model 2 is targeted to operating levels, with personnel specialists working with individual line managers to solve organizational problems. In model 3, HR staff are working at the very top of the organization, hand in hand with senior managers. The scope of the issues covered also varies. Model 2 personnelists are typically working on short-term operational planning and consulting. In model 3, the focus is longer-term and proactive, with HR specialists charged with advancing the management agenda and avoiding future problems through strategic planning, including projecting future staffing needs.

Jonathan Tompkins (2002) makes clear that alignment of HR with strategic planning is challenging. He identifies five core requirements (p. 96):

1. An established strategic planning process
2. Involvement of the HR director in the strategic planning process and full consideration of the personnel-related implications of the strategic objectives or initiatives under discussion
3. A clear statement, written or unwritten, of each agency's mission and the strategic objectives to be achieved in pursuit of the mission
4. The vertical alignment of personnel policies and practices with an agency's mission and strategic objectives and the horizontal integration of personnel policies and practices with each other
5. A personnel office whose organizational role and structure are consistent with and contribute to the attainment of the agency's mission and strategic objectives

In the federal government, strategic planning has been driven by the requirements of the Government Performance and Results Act of 1993 (Office of Personnel Management, 1999). By the mid-1990s, roughly 60 percent of states said that they had some strategic planning in place (Berry and Wechsler, 1995). Involvement of the HR director and staff in the planning process is, however, mixed. In the federal government, according to an Office of Personnel Management study (1999), this has traditionally been a problem: "Historically, members of the HR community have remarked on the difficulty they have had 'getting to the table' with top agency management. Rather than being involved in agency planning from the beginning, HR is commonly consulted after decisions have been made in order to help implement any major changes. Considering the invaluable perspective HR has on how decisions will impact agency

resources, HR professionals have been frustrated that they are not involved sooner in the planning process” (p. 9). OPM’s survey of current practice showed that 79 percent of agencies indicated that they played some role in the strategic planning process but that the actual roles varied, with only a few acting as fully integrated team members.

The OPM report describes several key areas where HR can contribute to planning and align with agency mission. They include helping agencies plan and implement reorganizations, developing workforce planning processes, and linking performance management (performance appraisal) to mission accomplishment.

### Model 3 Change Strategies

Moving to model 3 requires a rethinking of the operating approach of the HR office. Three key issues are the way HR offices collect and use data, the relationship between the HR director and top agency management, and the skills of HR staff.

In a business environment, becoming a “strategic partner” means, in the words of one business leader, that “HR must become bottom-line valid. . . . The HR function must perform in a measurable and accountable way for the business to reach its objectives” (Caudron, 1994, p. 54). That bottom-line focus is difficult to transfer to the public sector, in part because of the absence of a clear metric. It is difficult to demonstrate the effectiveness of human resource management and its impact on the agency’s ability to achieve its mission. Further, HR staff are used to measuring processes rather than outcomes. The 1999 OPM study found that few agencies identified HR management measures in their strategic plans. Only 29 percent included any measures, but even among those, the measures were not often robust. As the survey points out, solid measurement is central to the acceptance of HR’s strategic role: “In the end, HR can only determine its value to the organization by measuring it” (p. 18). HR offices need not only to think strategically but also to develop sophisticated metrics to help organizations track the impact of their HR strategies.

In addition, as we have seen, strategic HR requires that top HR management have a seat at the table and be included in strategic planning throughout the process, rather than being brought in at the end to help implement a plan that is already set. This requires developing a relationship of trust and confidence on both sides. As Tompkins (2002) points out, “Many personnel directors have been slow to insist upon a strategic role because their professional training has not prepared them to perform such a role. Training in personnel management tends to emphasize the administration of personnel systems rather than general management or organizational development” (pp. 100–101).

Further, the top management team, usually composed of political appointees, may be hesitant to bring the HR director, usually a career civil servant with long service, into the inner circle of discussions regarding agency goals. The Homeland

Security Act of 2002 included a number of governmentwide HR provisions, including the creation of “chief human capital officers” (CHCOs) in every agency. The goal was to elevate consideration of human capital issues and to ensure that they would be taken seriously within the agencies. It is interesting that as the law is being implemented, the majority of the CHCOs are not the agency HR directors, and many of them are political appointees.

Finally, taking on the new, broader responsibilities of strategic HR management requires a new skill set for the whole HR staff, as well as, possibly, a new organizational structure. As Tompkins (2002) points out, the personnel office “must develop staff expertise in job design, organizational development, change management, employee motivation, and human resource theory. The personnel staff must also develop knowledge of general management, agency mission, and the specific personnel problems facing managers. Whether this strategic role should be assigned to a special unit within the personnel office or should be expected of all personnel staff remains an unanswered question. Because the strategic and operational roles of the personnel office are contradictory in many respects, performing both roles in an integrated fashion will remain an ongoing challenge” (p. 104).

## KEY FACTORS DRIVING CHANGE

Movement toward a broader role for personnel offices is being driven by three key factors: structural reforms; the trend toward privatization of government functions, including HR; and the adoption of new technology.

### Structural Reform

Both the federal government and many state and local governments have, over the past decade, adopted dramatically different organizational structures, reflecting changes in mission or budget or changing approaches to organizing and managing work. In the federal government, one legacy of the Clinton administration was the complete decentralization of the hiring process. Over its history, the federal civil service has gone through waves of centralization and decentralization (Ban and Marzotto, 1984). The current change is by far the most drastic decentralization ever. Virtually all recruitment and assessment of candidates is being done by the individual agencies’ personnel offices (U.S. Merit Systems Protection Board, 2002a).

This change has had the obvious impact of increasing the workload of HR offices, sometimes dramatically, at a time when they have suffered from severe cuts in staff. The pressure on the HR offices will only increase as the predicted wave of retirements hits and agencies increase their hiring in response. Many HR offices, particularly in smaller agencies, do not have staff who are experienced

in aggressive recruiting or in developing assessment instruments. The Office of Personnel Management, which used to design and administer formal tests centrally, will provide technical support to agencies, but only on a cost-reimbursable basis, further disadvantaging small agencies with limited budgets. Some agencies have turned to external consultants for assistance, while others have retrained existing staff to take on these duties, and some have actually reversed the past trend and have increased staffing in their HR offices to respond to these severe pressures.

Some federal agencies are taking much more dramatic steps to reform their personnel systems. The federal civil service system is codified in law as Title 5. Rather than tackling reform of the full civil service system, which was seen as politically impossible, past administrations have whittled away at the system in a piecemeal disaggregation strategy, through use of demonstration projects, which then become permanent changes, and through laws exempting individual agencies from the Title 5 system (Ban, 1998; Thompson, 2001). That trend has accelerated under the Bush administration, with the creation of the Department of Homeland Security (DHS), which was given the authority to develop its own system, and with passage in 2003 of a law giving the Department of Defense (DOD) authority to develop a new “national security personnel system.” Although both agencies are still technically subject to Title 5, they are in a new category of “alternative personnel systems” not bound by the traditional Title 5 systems.

Both agencies with demonstration projects and those that have been granted the right to develop their own systems have tried out some creative new approaches to HR strategies, including broadbanded compensation systems, which were a central part of the very first federal demonstration project, in two Navy labs and categorical rankings (also called zone scoring or band scoring) as an alternative to the rule of three, piloted in a demonstration project in the Department of Agriculture. These new approaches require a sophisticated HR capability to design the systems and to work with line managers to make them work well in support of the agency’s mission. As of this writing, regulations implementing new systems for DHS and DOD are being drafted. Although they have not yet been released for public comment, early proposals included some dramatic new approaches, some of which are being discussed as models for governmentwide reform in the future.

State governments have also been undergoing considerable changes, with a few states moving dramatically away from traditional civil service systems, some states maintaining very traditional systems, and the majority of states opting for more modest reforms. The most drastic changes have been in the states of Georgia and Florida. During the 1990s, Georgia instituted two reforms. The first, GeorgiaGain™, introduced a new performance management and pay-for-performance system. It also included movement to fewer and broader pay grades and to pay levels more competitive with the market. The second reform, designed to increase both



productivity and bureaucratic responsiveness, removed all civil service protections for all employees hired after July 1, 1996. These new hires are considered “at will” employees, without the job security of traditional civil service employees (Nigro and Kellough, forthcoming; Kellough and Nigro, 2002; West, 2002).

The Georgia reforms also “emphasized decentralization and deregulation of human resources management by giving state agencies wide discretion and flexibility in managing their personnel systems” (Nigro and Kellough, forthcoming). Agencies are now responsible for much of position classification, as well as for recruiting and assessing job candidates.

The new systems have received mixed reviews from Georgia state workers. In particular, GeorgiaGain™ did not have high credibility; only about half of the respondents in a survey of state employees reported seeing “their most recent performance ratings as accurately reflecting their performances” (Kellough and Nigro, 2002, p.153), and there was, at a more general level, very little support for the concept of pay for performance as a good way to motivate state workers.

GeorgiaGain™ put some pressure on operating personnel offices. Elimination of the central civil service system imposed even greater responsibilities and pressure, as hiring was totally decentralized. As one study of this transition pointed out, “Agencies unaccustomed to the ethical and practical entanglements of recruitment, selection, and termination were suddenly afforded the opportunity to manage their own personnel systems” (Kuykendall and Facer, 2002, p.135). Agency HR workload increased dramatically as HR departments took over hiring. At the same time, state workers’ loss of civil service job protection did lead to a sharp increase in terminations, with one agency director estimating that the annual termination rate doubled between 1996 and February 2000 (Kuykendall and Facer, 2002).

The view from the perspective of the director of a Georgia agency personnel office is somewhat different. He sees the reform as moving the state away from a cumbersome and slow centralized hiring system and reports that decentralization, in combination with improved technical efficiencies, has drastically shortened the time for hiring. He also sees the reforms as changing the relationship between the merit system (the central personnel agency) and operating agencies. As he explains, “The postreform role of the merit system . . . is one of being a partner in assisting our HR function in providing sound, professional HR services,” which requires the central agency to move “from a regulatory culture to a consultant culture” (Lasseter, 2002, p. 129).

Reform in Florida was even more dramatic. Service First, passed in 2001, made changes in three areas. It removed all supervisors from the civil service and made them at-will employees immediately (with no grandfathering, as in Georgia). It moved the state to a broadband classification and pay system. And it eliminated the concept of seniority for nearly everyone in the state system (Walters, 2002; Bowman, Gertz, Gertz, and Williams, 2003; Bowman, West,



and Gertz, forthcoming). This reform remains highly controversial. Critics have predicted a return to the spoils system, “when political patronage, party loyalty, and partisan ideology superceded job performance” (Bowman, West, Berman, Klingner, and Menzel, 2001).

Florida had already decentralized much of the personnel functions, including hiring, and had moved away from reliance on written tests toward assessment of knowledge, skills, and abilities. The screening method had the effect of eliminating both the traditional rule of three and veterans’ preference (Walters, 2002). But Service First led to a much more dramatic restructuring of the personnel function. As Walters notes, “Part of the Service First reforms included substantial privatization of some key HR functions. Advertising job openings, as well as some of the recruitment and training done in Florida, is being handed over to a private contractor” (p. 32). Bowman and his colleagues (forthcoming) raise some serious concerns about this privatization by the 2002 legislature. As they point out, “The new private contract employees administering the hiring process, who lack job security and a public service ethos, are not as likely as career civil servants to vigorously enforce merit-based employment standards in the face of political pressure. Too, this reform is expected to take one-half of the time [previously] needed to hire an applicant (partly because of the deletion of documentation requirements demonstrating why competing candidates were not selected). Taken together, these developments may interact in ways to significantly damage what remains of the career service.”

Some other states are considering HR reform, either to reduce the number of employees with civil service protections or to introduce greater flexibility into the system (Selden, Ingraham, and Jacobson, 2001). A comprehensive effort to assess the quality of HR in both states and cities documented a wide range of approaches. Many jurisdictions continue to rely on traditional centralized civil service systems. In fact, some cities have never gotten to that stage and are still mired in patronage politics. For example, in twenty-six states, “hiring is delegated to the agency level, but there are central guidelines for designing procedures” (Ingraham, Joyce, and Donahue, 2003, p. 83). And a number of states are engaging in serious workforce planning. However, few cities had the capacity to do so. This can be taken as indirect evidence that in some states, human resource professionals are moving toward a more strategic HR approach.

### **The Impact of Privatization**

Structural reform may drive changes in the role of the personnel office, but change may also be the result of another trend—toward privatization of government functions. That can be a direct impact, when actual HR functions are themselves privatized, as in Florida, as well as an indirect impact on the work of the HR office when the agency relies to a greater extent on contracts with third parties to do the work of the agency.

The private sector has relied more and more in recent years on contracting out many internal functions. That trend has now also reached the public sector. Indeed, for small organizations or jurisdictions, maintaining capacity in all areas of HR is not cost-effective. In the federal government, a few agencies, such as the Department of Agriculture, have, in essence, gone into business providing these services for other agencies (Ban, 1995). And an increasing number of private firms have sprung up to provide virtually the full range of HR services (Fernandez, Lowman, and Rainey, 2002). Of course, this affects the role of the personnel office. It may free up agency HR staff from routine processing so that they can move to a higher level, providing organizational consulting and strategic planning support. But if the staff consist largely of low-level employees hired to do routine processing, then contracting out may result in a mismatch between current staff and HR aspirations. In fact, it is not uncommon for agencies to turn to contractors for those higher functions, such as organizational development and management consulting (Fernandez, Lowman, and Rainey, 2002).

Contracting out may also affect relationships with clients and the level of service delivered. Some functions are tailor-made for contracting out. For example, many agencies provide employee assistance programs through contracts. Knowing that the counselor does not work directly for the agency may increase the employees' trust in confidentiality. However, many employees are used to being able to sit down and confer face-to-face with an HR specialist about issues of concern. Having to consult over the phone or by e-mail may be less satisfying personally. And it creates tensions with HR staff still working within the agency, who have to refer workers seeking help to an outside contractor rather than being able to give that assistance themselves. This problem is exacerbated when agencies (such as the Transportation Security Agency, at present) use multiple contractors for different functions, creating a sometimes frustrating problem of coordination for the small HR staffs within the agency.

The economic logic of contracting out may also be at odds with the rhetoric of deregulation and decentralization. The advocates of deregulation argue that it will permit agencies to develop systems that meet their unique needs and that fit their mission and culture. But contractors are likely to push their clients toward "plain vanilla" systems, as it will be easier and more cost-efficient for them to manage relatively standardized systems rather than ones tailored specifically for different organizations. This reflects the obvious impact of moving from an organization with a service orientation to one focused on profit maximization (Ewos, 1999).

Contracting out of a significant percentage of the work of the organization also has broad implications for the personnel office. It may result in a significantly smaller workload as the contractors become responsible for hiring, paying, assessing, and providing benefits to their own employees. In general,

“Governmental officials may have to face the problem that contracting out may result in loss of control over vital organizational functions such as recruitment, staffing, and training” (Fernandez, Lowman, and Rainey, 2002. p. 239).

Relying on contractors may also complicate the ability of HR to assist in strategic planning, since the HR office is unlikely to have the detailed information about the contractors’ workforces to know whether the contractors are engaging in employee development or succession planning (Fernandez, Lowman, and Rainey, 2002). HR offices may, in fact, be called on to manage a reduction in force, as the government workforce is reduced when major functions are contracted out (Fernandez, Lowman, and Rainey, 2002). The net result, at the end of the process, could be a marginalization of the HR office, which is reduced to a very small office handling traditional functions for a staff largely responsible for managing contractors.

### **The Promise and Problems of Technology**

There is no doubt that personnel work, like virtually all work, has been changed by the advent of new technology. And this change is so rapid that it is very difficult to track. Technology has affected all aspects of human resource management, with the greatest effects on routine processing, including benefits administration, payroll, and employment records generally (West and Berman, 2001). More recent developments include technology applications in the hiring process, including online posting of vacancies, computerized or online testing and application, and computerized scoring or sorting of applicants (Mooney, 2002). Both HR specialists and line managers are also using new software that assists in performance appraisals and in position classification. Training is increasingly delivered online. And current integrated systems allow managers to track key agency indicators, such as workforce trends, and to link workforce analysis with budget analysis (Ashbaugh and Miranda, 2002; Shiplett and Sutton, 2002; National Academy of Public Administration, 2000).

Technology has certainly had positive effects on how personnel offices work. It holds out the promise of enabling personnel offices to do more with less staff by reducing labor costs. That may free up time for HR staff to move up to models 2 or 3 (although, as with privatization, that may require retraining or restructuring). Or, given the cuts in HR staff at the federal level, it may simply help personnel staff keep their heads above water. Technology can certainly lead to improved service and to faster processing of time-sensitive tasks, especially in hiring, where tests can be scored instantaneously or résumés can be scanned and sorted with great speed. And the ability to analyze data in much more sophisticated ways is crucial to strategic HR management.

However, technology has costs and drawbacks. The obvious costs are for hardware, software, and staff training. Given the rapid changes in technology, these are not onetime costs. In fact, the time between the introduction of a

new technology and its obsolescence continues to shorten, and the costs of upgrading can be a major drain on the budget, particularly for smaller organizations or jurisdictions. The increasing use of technology requires recruiting staff with a different mix of skills, ideally people who combine technological sophistication with good social interaction skills, who are not always easy to find, especially at the salaries many public jurisdictions can offer (West and Berman, 2001).

Technology can also have a negative effect on perceived quality of service by reducing face-to-face interactions. This is a contested issue, with some people feeling that e-mail and the Internet facilitate their connections with coworkers and peers in other jurisdictions and others fearing that both the HR staff and the recipients of their services may feel increasingly alienated (West and Berman, 2001). Perceptions of quality of service may also vary as organizations move toward more “employee self-service” models that permit workers to go online or to a kiosk to get information and to enter information, such as leave requests and changes in benefits. Some will see this as easy and efficient, giving them direct control over these routine functions. But others will feel frustrated when they have questions that the machine cannot answer or when they try to call for information and get caught in the maze of recorded prompts and can’t get to a real person.

Technology can also make it easier for agencies to contract work out, sharing information with the contractor via the Internet and shared files. In fact, even government HR offices are now sending some of their work overseas, mirroring the trend in the private sector.

The rate of technological change is truly dizzying, and it is impossible to predict the new approaches it will make possible. But one concern with organizations, as with individuals, is the digital divide—the gap between large jurisdictions and agencies, which have the budget and staff capability to be on the cutting edge or at least to be early adopters, and the small municipalities or agencies, struggling to keep up, often working with old equipment and staff who are resistant to change.

## CONCLUSION

Personnel offices, in government as well as in other sectors, have in many cases changed how they function quite drastically. That change has been driven in large part by external forces and has mirrored the broader trends in government toward deregulation and decentralization, toward privatization, and toward a heavier reliance on technology. Those changes in function have also been caused by a desire on the part of personnel offices to become more responsive

to their clients, to deliver a broader range of service, and to have a place at the table when strategic decisions are being made. The dilemma, both for the organizations and for scholars tracking these trends, is that some of the functional changes, such as privatization and reliance on technology, can cut both ways, depending on how they are implemented, leading, for example, either to better customer service or to the deterioration of such service, if one of the key criteria is the availability of face-to-face service.

Although the past decade has been marked by rapid change, scholarship has yet to catch up with that process; there have been few systematic empirical studies of how public sector personnel offices conduct their work, how they define their roles, or how they are perceived by the people they serve. Such research is critical for an understanding of the impact of these changes and of personnel offices' success in adopting new roles.

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# Beyond Civil Service

## *The Politics of the Emergent Paradigms*

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The U.S. government's response to the terrorist attacks of September 11, 2001, involved several key changes in federal human resource management: legal changes to increase managerial flexibility in the Department of Defense and the newly created Department of Homeland Security, the "refederalization" of airport and airline security under the Transportation Security Administration, and the increased use of contractors in national security and intelligence agencies. First, the need to manage human resources flexibly and efficiently to assist the agency in accomplishing its objective was the key to a range of proposed or actual policy revisions within these departments. These proposals, which drew opposition from advocates of employee rights and congressional oversight, included easing civil service restrictions on hiring, firing and promotions, allowing the Pentagon to reorganize top civilian positions, and changing laws forcing troops to retire if they are not promoted (Towell, 2003).

Second, the creation of the Transportation Security Administration in 2002 effectively made airline security a federal policy mandate, carried out by a federal agency, representing a major change from the previous practice of using privatized airport security. Though the previous system was cheaper and ideologically more comforting because it resulted in some measure of transportation safety without using public funds or employees, the system had security deficiencies. Once security became of greater concern than convenience or cost

savings, Congress and the president bowed to public pressure to make airline safety a federal responsibility, directed by a federal agency and staffed by qualified and trained public employees.

A third key change is the increased use of contract employees by U.S. military and intelligence agencies (Wayne, 2002; Waller, 2003). This change is driven by the same ideological and financial considerations as privatization in other fields: a desire to maintain military capability while showing a reduction in the size of the military. For whatever reason, the number of contract employees hired by the Pentagon and the CIA increases as the number of enlisted military personnel plummets (Waller, 2003). In addition to traditional debates over the cost-effectiveness of paramilitary contractors, critics worry about their safety and commitment, about incidents in which private soldiers breached codes of military conduct or made mistakes that killed innocent parties, and about the accountability and oversight issues raised by private armies outside of direct executive or congressional control.

From a historical perspective, these events signify a shift in the politics underlying public human resource management (HRM). The purpose of this chapter is to present a historical perspective on traditional public HR functions, processes, systems, and values; examine the values and strategies of the emergent antigovernment paradigm; evaluate the emergent paradigm's impact on traditional values; and explore the structure and function of public HRM under alternative personnel systems.

## A HISTORICAL PERSPECTIVE

Public human resource management in the United States can be viewed from at least four perspectives (Klingner and Nalbandian, 2003). First, it is the *functions* (planning, acquisition, development, and discipline) needed to manage human resources in public agencies. Second, it is the *processes* by which public jobs, as scarce resources, are allocated.

Third, it is the *interaction* among fundamental social values that often conflict. These values are responsiveness, efficiency, employee rights, and social equity. *Responsiveness* means a budget process that allocates positions and therefore sets priorities and an appointment process that considers political or personal loyalty along with education and experience as indicators of merit. *Efficiency* means staffing decisions based on ability and performance rather than political loyalty. *Employee rights* mean selection and promotion based on merit, as defined by objective measures of ability and performance, and employees who are free to apply their knowledge, skills, and abilities without partisan political interference. And *social equity* means public jobs allocated proportionately, based on gender, race, and other designated criteria.

Fourth, public human resource management is the embodiment of human resource *systems*—the laws, rules, organizations, and procedures used to fulfill personnel functions in ways that express the abstract values. Historically, U.S. public HRM systems developed in at least five evolutionary stages (see Table 2.1).

In the *patrician* era (1789–1828), the small group of upper-class property owners who had led the fight for independence and established a national government held most public jobs. With the passing of this generation—marked by the symbolically coincidental deaths of John Adams and Thomas Jefferson on July 4, 1826, the fiftieth anniversary of the Declaration of Independence—the emergence of political parties spawned an era of *patronage* (1829–1883) during which public jobs were awarded according to political loyalty or party affiliation. The increased size and complexity of public activities led to an era of *professionalism* (1883–1932) that emphasized efficiency (modernization) by defining personnel management as a neutral administrative function and individual rights (democratization) by allocating public jobs, at least at the federal level, on merit (Heclo, 1977). The unprecedented demands of a global depression and World War II led to the emergence of a hybrid *performance* model (1933–1964) that combined the political leadership of patronage systems and the merit principles of civil service systems because even pure merit systems must be responsive to political leadership if government is to be effective (Fischer, 1945; Sayre, 1948). Next, social upheavals presaged the emergence of the *people* era (1965–1979), in which collective bargaining emerged to represent collective employee rights (the equitable treatment of members by management through negotiated work rules for wages, benefits, and working conditions) and affirmative action emerged to represent social equity (through voluntary or court-mandated recruitment and selection practices to help ameliorate the underrepresentation of minorities and women in the workforce). By 1980, U.S. public HRM could be described as a dynamic equilibrium among the four competing values, each championed by a particular system, for allocating scarce public jobs (Nalbandian, 1981; Ban and Riccucci, 1991; Freedman, 1994).

## PRIVATIZATION AND PARTNERSHIP: THE EMERGENT PARADIGMS

The *privatization* paradigm began to emerge in the 1970s when elected officials first began to campaign “against the government.” Jimmy Carter won the 1976 presidential campaign by running against the national government as a “Washington outsider.” Following the election, he proposed the 1978 Civil Service Reform Act on grounds that included poor performance in the public service and difficulty in controlling and directing bureaucrats. Beginning in 1981, the Reagan

Table 2.1. Evolution of Public HRM Systems and Values in the United States.

Stage of Evolution	Dominant Values	Dominant Systems	Role of Human Resource Management	Pressures for Change
Past Stages Patrician (1789–1828) Patronage (1829–1882) Professionalism (1883–1932)	Responsiveness	“Government by elites”	None	Political parties + patronage
	Responsiveness	Patronage	Recruitment + political clearance	Modernization + democratization
	Efficiency + individual rights	Civil service	“Watchdog” over agency managers and elected officials to ensure merit system compliance	Responsiveness + effective government
	Responsiveness + efficiency + individual rights	Patronage + civil service	Collaboration + legislative limits	Individual rights + social equity
	Responsiveness + efficiency + individual rights + social equity	Patronage + civil service + collective bargaining + affirmative action	Compliance + policy implementation + consultation	Dynamic equilibrium among four competing values and systems
Current Stages Privatization (1980 to present)	Responsiveness + efficiency + individual accountability + limited government + community responsibility	Patronage + civil service + collective bargaining + affirmative action + alternative mechanisms + flexible employment relationships	Compliance + policy implementation + consultation + contract compliance + strategic thinking about HRM	Dynamic equilibrium among four progovernmental values and systems and three antigovernmental values and systems
	Responsiveness + efficiency + individual accountability + limited government + community responsibility + collaboration	Patronage + civil service + collective bargaining + affirmative action + alternative mechanisms + flexible employment relationships	Compliance + policy implementation + consultation + contract compliance + strategic thinking about HRM + tension management + boundary spanning	Dynamic equilibrium among four progovernmental values and systems and three antigovernmental values and systems
Partnerships (2002 to present)				

administration, though starting from fundamentally different values and policy objectives, continued to cast government as part of the problem and to campaign against the infrastructure of public agencies and public administrators.

The antigovernment values and assumptions behind this paradigm shift were paralleled by increasing reliance on market-based forces, rather than program implementation by government agencies and employees, as the most efficacious tools of public policy related to both individuals and the economy. Although public administration retained its role as the great compromiser among competing values, the emphasis on economic perspectives and the value of administrative efficiency clearly reflected the intense pressures on the public sector to “do more with less.” The first pressure—do more—caused governments to become more accountable, through such techniques as program budgeting, management by objectives, program evaluation, and management information systems. The second pressure—do more with less—caused governments to lower expenditures, through tax and expenditure ceilings, deficit reduction, deferred expenditures, accelerated tax collection, service fees, and user charges and through a range of legislative and judicial efforts to shift program responsibilities and costs away from each affected government.

Because from 50 to 75 percent of public expenditures go toward employee salaries and benefits, efforts to increase accountability and reduce expenditures focus on the managerial functions subsumed by public HR management. The shift continued the trend set by the philosophies and techniques used to enhance accountability in previous eras (such as the 1930s and the 1960s), emphasizing program outputs and rationally tying program inputs to outputs (through such efforts as program budgeting, human resource forecasting, job evaluation, management by objectives, objective performance appraisal, training needs assessment, cost-benefit analysis, and gainsharing and productivity bargaining). Moreover, the information systems revolution has expanded access to information formerly used by management for coordination and control, and this change has been reflected in organizational restructuring and the downsizing of middle managerial positions.

The 1990s brought continued efforts to reduce government, either to increase its responsiveness and effectiveness or to “shrink the beast” and put more resources in the hands of individuals and businesses. In 1993, Vice President Al Gore issued the National Performance Review report that aimed at creating a government that “works better and costs less.” The changes initiated by this report required (1) fundamental changes in organizational structure and accountability, epitomized by the phrase *reinventing government* or *new public management* (Osborne and Gaebler, 1992); (2) decentralization of most HR functions to operating agencies and a corresponding reduction in the functions and authority of the Office of Personnel Management; and (3) a reduction in federal civilian employment, particularly staff positions (personnel, budget, auditing, procurement, and middle management) with no direct relationship to productivity increases.

The Republican party swept into control of Congress in 1994 and again in 2002 as a result of a shift toward three emergent antigovernment values: personal accountability, limited and decentralized government, and community responsibility for social services. First, proponents of *personal accountability* expect people to make individual choices consistent with their own goals and accept responsibility for the consequences of these choices, rather than passing responsibility for their actions on to the rest of society. Second, proponents of *limited and decentralized government* believe, fundamentally, that government is to be feared for its power to arbitrarily or capriciously deprive individuals of their rights. They also believe that public policy, service delivery, and revenue generation can be controlled efficiently in a smaller unit of government in a way not possible in a larger one. And for some, a reduction in government size and scope is justified by perceived government ineffectiveness; by a high value accorded to individual freedom, responsibility, and accountability; and by a desire to devote a smaller share of personal income to taxes. Third, the values of limited and decentralized government and personal accountability are supplemented with the value of *community responsibility for social services*. The most significant consequence of the emergence of this value, at least as far as public human resource management is concerned, has been the creation of this alternative to the traditional notion that government has to fund and deliver social services. The trend toward downsizing and decentralizing government would be incomplete without the thousands of nonprofit organizations that routinely provide local government social services funded by taxes, user fees, and charitable contributions.

Adding complexity to the question of third-party social service provision has been the heightened attention directed toward contracting with faith-based service providers. With the passage of the “charitable choice” component of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, charitable choice has expanded to include a range of federal programs, such as Temporary Assistance to Needy Families (1996), Welfare to Work formula grants (1997), Community Services block grants (1998), and drug abuse treatment programs (2000). The White House Office of Faith-Based and Communities Initiatives and five similar offices in the Departments of Education, Justice, Health and Human Services, Labor, and Housing and Urban Development have been established to contract with faith-based agencies nationwide. According to a study conducted by the Rockefeller Institute of Government, faith-based contracting is already occurring at the state level. By 2003, thirty-two states had contracted with faith-based organizations to provide some level of social services, and eight states have enacted legislation requiring the inclusion of faith-based service providers in contracting. Recently, state departments of labor have received directives from the U.S. Department of Labor’s Office of Faith-Based Initiatives requiring the development of state-level strategic plans specifically aimed at increasing the number of faith-based grantees by providing training and technical assistance to these organizations as they compete for service provision contracts.

The basis for this new framework is the emerging *partnership* paradigm. It rests on the same values of personal accountability, limited and decentralized government, and community responsibility for social services that characterized the privatization paradigm, with an added strategic emphasis on cooperative service delivery among government, business, and nongovernmental organizations (NGOs). The strategic element of this partnership paradigm is undergirded by the belief that concrete results in the delivery of public goods and services can be achieved only by the skilled deployment of human assets regardless of the framework within which it occurs. Furthermore, advocates of this new framework argue that the skilled deployment of human assets is best accomplished outside of the traditional civil service model. This drive to deliver results “beyond civil service” (an aspect of antigovernment, anti-union sentiment) has resonated among many state legislatures. As a result, many states are rethinking and reinventing the nature of their public personnel systems: from the far-reaching efforts in Georgia and Florida (see Chapter Three) to the more subtle efforts to enhance third-party service delivery options.

These twin antigovernmental paradigms, privatization and partnership, rely on the same basic HRM strategies: using alternative organizations to deliver public services and increasing the flexibility of employment relationships for the public employees that remain. These alternative organizations and mechanisms include purchase-of-service agreements, privatization, franchise agreements, subsidy arrangements, vouchers, volunteerism, and regulatory and tax incentives (International City Management Association, 1989). The main way of increasing the flexibility of public HRM is increased use of contingent employees and of exempt positions outside the civil service filled through employment contracts. The existence of these alternative HRM strategies is not new. But a review of recent examples indicates how commonplace they have become and how much they have supplanted traditional service delivery by civil service employees hired through appropriated funding of public agencies.

### Alternative Organizations and Mechanisms

Purchase-of-service agreements with other governmental agencies and NGOs have become commonplace (Mahtesian, 1994). They enable cities and counties to offer services within a given geographical area, taking advantage of economies of scale. They offer smaller municipalities a way of reducing or avoiding capital expenses, personnel costs, and political issues associated with collective bargaining and legal liability risks. Also, the use of outside consultants (individuals or businesses hired under fee-for-service arrangements on an “as needed” basis) increases both available expertise and managerial flexibility by reducing the range of qualified technical and professional employees that the agency must otherwise hire.

Privatization, as the concept is generally understood in the United States, means that a public agency provides a particular service that is produced and delivered by a private contractor. Privatization may result in the abolition of the



agency (sometimes as an intended ideological goal). Privatization offers all the advantages of service purchase agreements but holds down labor and construction costs on a larger scale. Privatization has become commonplace in areas such as solid waste disposal, where there is an easily identifiable benchmark (standard cost and service comparison with the private sector) and where public agency costs tend to be higher because of higher pay and benefits (Siegel, 1999; O’Looney, 1998; Martin, 1999).

Franchise agreements often allow private businesses to monopolize a previously public function within a geographical area, charge competitive rates for it, and then pay the appropriate government a fee for the privilege. Examples are cable TV and jitneys as a public transit option. Municipalities often encourage the procedure because it reduces their own costs, provides some revenue in return, and results in a continuation of a desirable public service.

Subsidy arrangements enable private businesses to perform public services, funded by either user fees to clients or cost reimbursement from public agencies. Examples are some types of hospital care (such as emergency medical services provided by private hospitals and reimbursed by public health systems) and housing (subsidizing rent in private apartments by low-income residents as an alternative to public housing projects).

Vouchers enable individual recipients of public goods or services to purchase them from competing providers on the open market. Under proposed educational voucher systems, for example, parents would receive a voucher that could be applied to the cost of education for their child at competing institutions (public or private), as an alternative to public school monopolies.

Volunteers provide contributed services otherwise performed by paid employees or not at all. These include community crime watch programs (in cooperation with local police departments), teachers’ aides who provide tutoring and individual assistance in many public schools, and community residents who volunteer services as individuals or through churches and other nonprofit service agencies. Frequently, such contributions are required to “leverage” a federal or state grant of appropriated funds. Though they would probably not consider themselves volunteers, inmates are often responsible for laundry, food service, and prison facilities maintenance.

Regulatory and tax incentives are typically used to encourage the private sector to perform functions that might otherwise be performed by public agencies with appropriated funds. These include zoning variances (for roads, parking, and waste disposal) granted to condominium associations. In return, the condominium association provides services normally performed by local government (security, waste disposal, and maintenance of common areas).

### **Flexible Employment Relationships**

All the mechanisms just described provide public services without using public employees and in many cases do so through funding sources besides appro-



appropriated funds. Yet even in those cases where public services continue to be provided by public employees working in public agencies funded by appropriations, massive changes have occurred in employment practices. Chief among these are increased use of temporary, part-time, and seasonal employment and increased hiring of exempt employees (those outside the classified civil service) through employment contracts. More and more, public employers are reducing costs and enhancing flexibility by meeting minimal staffing requirements with career (civil service) employees and hiring other employees “at will” into temporary or part-time positions (U.S. Merit Systems Protection Board, 1994). These “temps” usually receive lower salaries and benefits than their career counterparts and are unprotected by due process entitlements or collective bargaining agreements. Conversely, where commitment and advanced skills are required on a temporary basis, employers may seek to save money or maintain flexibility by placing contract or leased employees in positions exempt from civil service protection. Although contracts may be routinely renewed with the approval of the employee and the employer, employees may also be discharged at will in the event of a personality conflict, a change in managerial objectives, or a budget shortfall. Managerial and technical employees hired under these types of contracts usually receive higher salaries and benefits than can be offered to even highly qualified civil service employees, and they enhance managerial flexibility to trim personnel costs quickly should that be necessary without having to resort to the bureaucratic chaos precipitated by the exercise of civil service “bumping rights” during a layoff situation.

The impact of these two devices—market mechanisms and flexible employment relationships—is accelerated by retirement “buyouts,” which offer employees close to retirement age an incentive to retire early within a limited “window” of eligibility. If the plan is designed strategically so that enough employees retire to save substantially but enough stay to provide for organizational continuity and skills, both employer and employee benefit. The employee gets an option to retire early with no associated penalties or an enhanced retirement calculation factor, and the employer gets to fill the vacant position with an entry-level employee at a much lower salary.

## **THINKING STRATEGICALLY: IMPACT OF THE EMERGENT PARADIGM ON TRADITIONAL VALUES AND PROGRAM OUTCOMES**

The delivery of an envisioned value has taken on paramount importance, and both the visions and the flow of assets with it (financial, human, and material) are viewed as incomplete unless the outcomes are measurable. How we deploy these assets to achieve these outcomes and the organizational HR architecture

(the balance of HR functions, HR systems, and employee behaviors) is at the center of the discussion. Therefore, the effectiveness of these two emergent public HRM strategies—using alternative organizations or mechanisms for providing public services and increasing the flexibility of employment relationships for the remaining public employees—have implications not only for the delivery of government services but also for the values that underlie traditional public HRM.

The new strategies diminish employee rights. It is more likely that employees hired “at will” into temporary and part-time positions will receive lower pay and benefits and will be unprotected by civil service regulations or collective bargaining agreements (Hsu, 2000). Whether or not the political neutrality of public employees suffers in this environment is unknown at present, but it seems logical to assume that as the criteria for success become more arbitrary or capricious, civil service employees—particularly those in middle management positions—will begin to behave more like the political appointees whose jobs depend on political or personal loyalty to elected officials (Brewer and Maranto, 2000).

The new strategies also threaten social equity. Comparisons of pay equity over the past twenty years have uniformly concluded that minorities and women in public agencies are closer to receiving equal pay for equal work than their counterparts in the private sector. Managerial consultants are overwhelmingly white and male. Many part-time and temporary positions are exempt from laws prohibiting discrimination against persons with disabilities or family medical responsibilities.

Rather than building an internal knowledge base of public workers, services are increasingly financed through alternative employment mechanisms, such as rehiring laid-off employees as outside contractors (thus eliminating many of the costs associated with traditional employment) and contracting with other public sector organizations (such as higher education institutions) for technical assistance and training. The decision to buy expertise rather than develop the internal capacity to ensure in-house knowledge potentially leaves public agencies hostage to their external partners.

More and more new services are “financed” through volunteer effort. Citizen volunteers, often the bulwark of community-based organizations and non-profit service providers are used to supplement paid staff and can often be working side by side with public employees without the benefit of compensation or adequate supervision and control.

Evidence thus supports the conclusion that the impact of the new strategies on efficiency has been mixed. On the plus side, the change in public agency culture toward identifying customers and providing market-based services increases productivity. And the threat of privatization or layoffs has forced unions to agree to pay cuts, reduced employer-funded benefits, and changed work rules (Cohen

and Eimicke, 1994). But the personnel techniques that have become more common under these emergent systems may actually increase some personnel costs, particularly those connected with employment of independent contractors, reemployed annuitants, and temporary employees (Peters and Savoie, 1994). Downsizing may eventually lead to higher recruitment, orientation, and training costs and loss of the organizational memory and “core expertise” necessary to effectively manage contracting or privatization initiatives (Milward, 1996). Minimum staffing usually results in increased payment of overtime and higher rates of employee accidents and injuries. As the civil service workforce shrinks, it is also aging. This means increases in pension payouts, disability retirements, workers’ compensation claims, and health care costs.

Emerging, then, is a human resource framework that embraces both the management of control and collaboration that is paradoxical, exposing the underlying tensions inherent in the values of monitoring (compliance) and empowerment (outcomes). The tensions are evidenced by the debates over the desire to maintain control mechanisms associated with traditional civil service systems (risk adversity) and the strategic attractiveness of responsiveness and managerial empowerment (stewardship). Yet increasingly, research in the field calls for understandings that move beyond either-or thinking (Drummond, 1998; Kisfalvi, 2000). Rising levels of ambiguity and turbulence at both the national and state levels of government are demanding a more paradoxical approach to human resource management, one that embraces the simultaneous need for control and collaboration.

Opposing and interwoven elements are evident throughout government as citizens and public officials struggle with the coexistence of authority and democracy, efficiency and creativity, freedom and control (Lewis, 2000). The new HR paradigm may be increasingly about the management of both control and collaboration and more critically about developing understandings and practices that accept, accommodate, and even encourage these tensions. For example, state government agencies are increasingly using a model of collaborative social service provisions and approaches to addressing social problems. These often involve overlapping partnerships with various public sector organizations, a recognition that the complexity of social issues is in part due to their existing in an interorganizational framework and that these problems cannot be tackled by any one organization acting alone (Trist, 1983). The inevitability of these new and often confusing organizational relationships suggests that HR managers will not only need to be able to manage control and collaboration simultaneously but also become much more sophisticated in the competencies needed to work across organizational boundaries.

However, the commitment to a deliberative policy of collaboration brings its own sets of problems. Increased outsourcing makes contract compliance the primary control mechanism over the quality of service, rather than traditional

supervisory practices. This creates a real possibility of fraud and abuse (Moe, 1987). In this regard, state and local governments' experience with privatization and service contracting suggests that outcomes are most likely to be successful when governments do the following (Siegel, 1999):

- Pick a service with clear objectives that can be measured and monitored
- Use in-house or external competition and avoid sole-source contracting
- Develop adequate cost accounting systems to compare service alternatives and monitor contractor performance
- Consider negative externalities, such as impacts on an existing workforce, impacts on the local economy, other governments or functions, governmental policies, or certain social groups

Even more fundamentally, elected officials and public managers need be cognizant of the strategic implications of the accountability and performance issues raised by public-private partnerships (Klingner, Nalbandian, and Romzek, 2002). The impact of these contemporary HR strategies on political responsiveness is problematic. The emergent values and systems place much less importance on the role of national government because the first value (individual accountability) reduces the role of government in society. If public problems are viewed as the results of individuals' personal choices, then the responsibility for dealing with the consequences of these problems is individual rather than social. Downsizing and decentralization reduce the comparative importance of government in society and refocus governmental activity from the national level to the state and local levels. Continual budget cuts and pressure to "do more with less" result in agencies that are budget-driven rather than mission-driven. And budget-driven agencies that address public problems with short-term solutions designed to meet short-term legislative objectives are not likely to be effective. Long-range planning, or indeed any planning beyond the current budget cycle, is likely to become less important. Agencies will not be able to prepare effective capital budgets or to adequately maintain capital assets (human or infrastructure).

But it is in its different approach to political responsiveness that the emergent paradigm has had the greatest impact on public administration in general and public personnel management in particular. The traditional paradigm assumed that government, particularly a powerful central national government, was the major social institution concerned with setting national objectives and reallocating the resources to pay for program implementation. The emergent paradigm places much less importance on the role of the national government (particularly with respect to domestic issues, those not connected with defense or international affairs), because the new paradigm's first value of personal accountability generally reduces the role of government in society. If a person's

problems are viewed as the results of his or her choices, responsibility for the consequences is personal rather than social. The new paradigm's second value, decentralization, replaces the primary focus of national government activity with a focus on state and local activity. And by calling for a safety net made up of some state and local government agencies and other not-for-profit NGOs, the new paradigm's third value deemphasizes the role of the national government in making social policies and redistributing income, a role central to the concept of national government since 1933.

Although it may be unfair to expect the values behind an embryonic paradigm to be explicit or immediately validated by reality, critics view the emergent paradigm as an abdication of political responsibility rather than as a shift in underlying values. These critics charge that the current paradigm shift represents less a redefinition of political responsiveness than the exercise of political and economic opportunism. Rhetoric aside, reducing the power of the national government limits income redistribution from the wealthy and limits public scrutiny over the actions of public officials.

So the transition from one paradigm to another leaves fundamental issues unresolved, at least for now. What is the appropriate role of government? To what extent are persons responsible for their choices and the consequences of these choices? Who owns the vast public infrastructure now up for privatization—current taxpayers or future ones? To what extent are elected and appointed officials who preside over the dismantling of social and public infrastructure for the sake of short-term political gain abdicating their responsibility to the public welfare? Are states, local governments, and nonprofits and community-based organizations capable of maintaining a social safety net once the national government abandons its hegemonic role in social welfare policy? Or are we essentially abandoning the political and social ideal of government as a provider of public goods and services in favor of the economic ideal of government as protector of private wealth and privilege? Does the emergent paradigm indeed reflect alternative values, or does it reflect simply the rationalization of covert self-interest by political and economic elites? Does the emergence of these new values really represent a coherent paradigm, or are they fundamentally rhetorical sound bites and political slogans designed for emotional and symbolic appeal rather than rational clarification and compromise among competing values?

The paradigm shift may also be difficult to define and discuss because it reflects a fundamental shift in the nature of political discourse as well as its substance (Clymer, 1995). So deep is the current mistrust of government that any discussion of its role remains mired in the short-term jockeying for position that routinely takes place among candidates seeking to position themselves favorably in electoral campaigns.

## THE CHANGING STRUCTURE AND ROLE OF PUBLIC HUMAN RESOURCE MANAGEMENT

Three main groups share responsibility for public HRM. Political leaders are responsible for authorizing personnel systems and for establishing their objectives and funding levels. Personnel directors and specialists design and implement personnel systems or direct and help those who do. In civil service systems, they usually work in a personnel department that functions as a staff support service for managers and supervisors. Their main responsibility is achieving agency goals within a prescribed budget and a limited number of positions. HR directors and specialists both help line managers use human resources effectively and constrain their personnel actions within the limits imposed by political leaders, laws, and regulations. Managers and supervisors are responsible for implementing the rules, policies, and procedures that constitute personnel systems as they work with employees on a day-to-day basis.

While the basic HRM functions remain the same, the relative emphasis among functions and how they are performed differ, depending on the system. HR under a patronage system heavily emphasizes the recruitment and selection of applicants on the basis of personal or political loyalty. Once hired, political appointees are subject to the whims of the elected official. Few rules govern their job duties, pay, or rights, and they are usually fired at will. Development is not a priority.

In a civil service system, HR is a department or office that functions as an administrative support service to the city manager, school superintendent, hospital director, or other agency administrator. Because civil service is a complete system, HR has a balanced emphasis on each of the four major personnel functions—planning, acquisition, development, and sanction. HR is responsible for maintaining the classification system of positions that have been categorized according to type of work and level of responsibility. The pay system is usually tied to the classification system, with jobs involving a similar degree of difficulty being compensated equally. HR is also responsible for developing and updating the agency's retirement and benefits programs. It also handles eligibility and processing of personnel action requests (retirements and other related changes in job status). HR is responsible for advertising vacant or new positions, reviewing job applications, administering written tests, and providing a ranked list of eligible applicants to managers in units where vacancies actually exist. After the manager conducts interviews and selects one applicant, HR then processes the paperwork required to employ and pay the person. HR is responsible for orienting new employees to the organization, its work rules, and the benefits it provides. It may conduct training itself or contract for it. HR implements an employee grievance and appeal procedure, advises supervisors throughout the or-

ganization of appropriate codes of conduct for employees, and establishes the steps necessary to discipline an employee for violations of these rules and the procedures to follow in the event the employee appeals this disciplinary action or files a grievance. If employees are covered by a collective bargaining agreement, the personnel department is usually responsible for negotiating the agreement (or hiring an outside negotiator who performs this function), bringing pay and benefit provisions into accord with contract provisions, orienting supervisors on how to comply with the contract, and representing the agency in internal grievance resolution or outside arbitration procedures.

HR is responsible primarily for implementing human resource acquisition decision rules emphasizing social equity for protected classes (minorities, women, and persons with disabilities). Thus it most heavily affects recruitment, selection, and promotion policies and procedures. The affirmative action director shares responsibility with the personnel director in this area. Once members of protected classes are hired, other personnel systems (civil service or collective bargaining) influence the way in which planning, development, and sanction functions occur.

In general, reliance on nongovernmental organizations reduces the absolute number of public employees, thereby reducing the HR department's functions related to acquisition, development, and sanction of public employees. However, it does increase the importance of planning and oversight, which are necessary to estimate the type and number of contract employees needed to provide a desired level of service; develop requests for proposals to outside contractors; evaluate responses to proposals by comparing costs and services; and overseeing contract administration. HR directors, staff, and managers work increasingly with citizen volunteers and community-based organizations, much as personnel directors for not-for-profit organizations (such as community recreation programs, hospitals, and schools) have traditionally used volunteers to supplement paid staff. In these cases, public managers need to become more skilled in the recruitment, selection, training, and motivation of volunteer workers (Pynes, 1997).

Flexibility in employment relationships is achieved primarily by the increased use of temporary, part-time, and seasonal employment and by increased hiring of exempt employees (those outside the classified civil service) through employment contracts. Employee development is largely irrelevant: contingent workers are hired with the skills needed to perform the job immediately. Performance evaluation is unnecessary. If they do their jobs adequately, they get paid; if not, they are simply released at the end of their contract and not called back when workload again increases. Nor is it at all difficult, from the employer's perspective, to maintain the terms of the employment relationship. Like political appointments, but unlike their civil service counterparts, at-will employees have no right to retain their jobs. They can be discharged for any reason, or for no reason, without explanation.



The evolution of public personnel management in the United States adds emergent systems without replacing their predecessors. Instead, new and emergent systems interact and conflict in ways that reflect the dynamic interaction of laws, conditions, and policies. But regardless of the particular system or combination of systems that control HR policy and practice within a particular agency, the organizational structure and relationships within which public HR functions are carried out are established and regulated by law. Usually, the organization of public HRM follows a pattern that is tied closely to the evolution of personnel systems themselves. In the United States nationally, this process was represented by passage of the Pendleton Act in 1883 and the creation of the U.S. Civil Service Commission. This in some cases followed and in other cases encouraged the establishment of similar state and local civil service agencies. As public personnel management tried to unify the opposing roles of civil service protection and management effectiveness, the organizational location and mission of the central personnel agency became increasingly significant. In some cases, it remained an independent commission. In others, it split into two agencies like to the U.S. Merit Systems Protection Board and the Office of Personnel Management, one responsible for protecting employees against political interference under civil service rules and the other responsible for administering and enforcing the chief executive's HRM policies and practices in other executive branch agencies. As collective bargaining and affirmative action emerged as separate personnel systems, separate agencies were often created at all levels of government to focus on these responsibilities. Other agencies, such as a department of labor (federal, state, or local), may have additional personnel responsibilities for regulating public employee pay, benefits, and working conditions. Often these agencies have conflicting or overlapping roles in particular HRM functions.

Another variable that affects the structure of public HR systems is the dilemma that arises over the comparative advantages of centralization and decentralization. Inevitably as central civil service agencies mature, they may tend to become larger and more specialized. This can in turn lead to inefficiencies or delays in providing services to other agencies when the agencies find themselves in a dynamic environment of change where universal rules become more a hindrance than a help to service delivery. And because these agencies have developed their own internal personnel departments that assist agency managers and link with the central personnel agency on all requisite functions, these agencies tend over time to exert pressure on the chief executive for more autonomy. The argument goes, now that civil service principles are firmly established in the political and administrative culture, it is more efficient and more effective to decentralize operational control to these agencies. And in periods of limited hiring when economies of scale do not apply or in tight recruitment markets where fast action on available and interested candidates is essential,



pressures for decentralization increase. Under such conditions, as with the U.S. government, the role of the central personnel agency tends to transform from direct responsibility for personnel functions to indirect responsibility and oversight of agencies' HR planning, management, and evaluation efforts. Organizational size also makes a difference. In large units, the personnel function may be staffed by hundreds of employees or divided into divisions. In a small local government, the functions may be carried out as part of the responsibilities of the chief administrative officer or an assistant. And there are many possible variants within this range.

The structure of public HRM parallels private sector innovations because both are responsive to the same changes in available technology, workforce characteristics, and other contextual variables (Sampson, 1998). Public agencies may choose to handle individual functions through specialized private companies. This is particularly true of activities like training, pay and benefits administration, or recruitment and selection through "headhunters" or employment services. And as public services become increasingly privatized, responsibility for the HR activities connected with those services pass from the public employer to the private contractor (Siegel, 2000).

Over time, the roles of HR in public agencies have evolved along with changes in the political and administrative arenas. The primary roles have been defending against the spoils systems, collaborating with legislative restrictions, cooperating with management, and complying with legislative mandates. During the professionalism era (1883–1932), HR professionals championed merit system principles because public HRM was generally viewed as a conflict between two systems, one evil and the other good. Public HR managers were considered responsible for safeguarding employees, applicants, and the public from the spoils system. Doing so required knowledge of civil service policies and procedures and the courage to apply them in the face of political pressure.

During the performance era (1933–1964), HR sought to maintain efficiency and accountability and legislators and chief executives sought to maintain bureaucratic compliance through budgetary controls and position management. Using such devices as personnel ceilings and average grade-level restrictions, it became the role of public personnel management to control the behavior of public managers and to help ensure compliance with legislative authority. In effect, it was the responsibility of HR to synthesize two distinct values (bureaucratic compliance as the operational definition of organizational efficiency and civil service protection as the embodiment of employee rights). There was tension between them because they were both symbiotic and conflicting. And together with the value of bureaucratic neutrality, they supported the concept of political responsiveness.

During the people era (1965–1979), the focus of public HRM shifted to consultation as HR managers demanded flexibility and equitable reward allocation

through such alterations to classification and pay systems as rank-in-person personnel systems, pay broadbanding, and group performance evaluation and reward systems. This trend coincided with employee needs for appropriate placement, development, and recognition.

In the current privatization era (starting in 1980), public HR still works consultatively with agency managers and employees and with compliance agencies. But its role and objectives are more contradictory. First, HR is required, more than ever, to manage government employees and programs in compliance with legislative and public mandates for cost control. Given the common public and legislative presumption that the public bureaucracy is an enemy to be controlled rather than a tool to be used to accomplish public policy objectives, its authority may be diminished by legislative micromanagement, or the value of cost control may be so dominant as to preclude concern for employee rights, organizational efficiency, or social equity.

Second, HR may work increasingly with volunteers and community-based nonprofit organizations that increasingly constitute the social safety net by which the value of community responsibility is carried out. Civil service and collective bargaining continue to be important, for many public employees (particularly schoolteachers and administrators, police, and firefighters) are still covered by union contracts and collective bargaining agreements. But risk management, cost control, and management of other types of employment contracts will become more important than ever. In this sense, substituting a calculating perspective for an optimistic view of the joint possibilities for organizational productivity and individual growth represents a narrowing of the public HR perspective.

Third, and somewhat paradoxically, even as this minimalist view of personnel management emerges, there are countervailing pressures to develop an employment relationship characterized by commitment, teamwork, and innovation. Productivity is prized, risk taking is espoused, and variable pay systems that reward individual and group performance are touted. Perhaps the key to the paradox is the emerging distinction between core employees (those regarded as essential assets) and contingent workers (those regarded as replaceable costs). Public HR success in the coming years will require the ability to develop two divergent personnel systems, one for each type of worker in a dual labor market system, and to maintain both at the same time despite their conflicting objectives and assumptions.

With the emergence of the partnership era (since 2002), public HR will be increasingly expected to operate within a framework of structures, processes, and people that are to a large extent beyond immediate control yet are part of the collective enterprise. The ability to manage tensions will be the defining characteristic in shaping and managing collaborative agendas that will be made even more difficult as frequent changes in government policy and in the organizations involved in partnership affect the roles and jobs of public sector employees. Recognizing the effects that emerging structures and processes have on

employment systems, mobilizing and capacity building will be the benchmarks of collaborative success.

## CONCLUSION

Public HRM can be viewed from several perspectives. First, it is the *functions* (planning, acquisition, development, and sanction) needed to manage human resources in public agencies. Second, it is the *process* by which a scarce resource (public jobs) is allocated. Third, it reflects the influence of seven symbiotic and competing *values* (political responsiveness, efficiency, individual rights, and social equity under the traditional progovernment model; individual accountability, downsizing and decentralization, and community responsibility under the emergent antigovernment model) over how public jobs should be allocated. Fourth, it is the laws, rules, and regulations used to express these abstract values—*personnel systems* (political appointments, civil service, collective bargaining, and affirmative action in the traditional models; alternative mechanisms for providing public services and flexible employment relationships in the emergent paradigms of privatization and partnerships).

Public HRM comprises the functions needed to manage human resources in public agencies. These functions are shared among political leaders, line managers and supervisors, and the personnel department. Conceptually, public HRM in the United States can be understood as a historical process whereby new systems evolve to champion emergent values, are integrated with the mix, and are in turn supplemented—neither supplanted nor replaced—by their own successors. From a practical perspective, this means that the field of public HRM is laden with contradictions in policy and practice resulting from often unwieldy and unstable combinations of values and systems and fraught with the inherent difficulties of relying on competitive and collaborative systems to achieve diverse goals. Civil service is the predominant public HRM system because it has articulated rules and procedures for performing the whole range of HRM functions. Other systems, though incomplete, are nonetheless legitimate and effective influences over one or more HRM functions. Although HR functions remain the same across different systems, their organizational location and method of performance differ, depending on the system and the values that underlie it.

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# Radical Civil Service Reform

## *Ideology, Politics, and Policy*

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Administrative reform, including reform of the civil service, is no stranger on the American scene. Policymakers at all levels of government in the United States have often looked to “civil service reform” for answers when confronted with challenging political and fiscal circumstances. Reforms have varied from the relatively minor or incremental tweaks or elaborations of existing systems to comprehensive, radical overhauls. Typically, they reflect political and ideological trends in the environment of government and its administrative agencies. Thus, for example, the Progressive Era sparked a long-term trend away from spoils and its emphasis on partisan loyalties and responsiveness toward the neutral competency norms of traditional merit systems. These earlier reforms and those of the late twentieth century and beyond share one basic feature: they were and are driven by interests and purposes ranging from the outright partisan to the mostly technical. Their effects, many not anticipated, often linger long after the values, logic, motives, and arguments on which they were based have become historical footnotes. They eventually come to be seen as the root causes of system performance “problems” that need to be addressed by other future generations of reforms.

The fact the personnel administration is a favorite target of reformers of many sorts suggests that it is far from the boring political and technical irrelevance that some might have us believe it is. Like it or not, “bureaucrats” and the systems they work in and administer matter greatly at all levels of society. They exercise

the discretion needed to color both the content and the execution of government policies. They profoundly influence how we are governed, and it is through the personnel function that they are recruited and selected, trained and developed, compensated, and managed. As a result, personnel management shapes the public service in many important respects.

Observing the breadth of administrative power, Dwight Waldo more than half a century ago raised a number of fundamental questions with implications for personnel policy. Waldo (1948, pp. 101–102) asked, for example (the emphasis is his):

If there is a distinct “administrative function,” what precisely is the nature of its expertise? How should these experts be recruited; how are they to be trained; what, precisely, is the relationship of their curriculum to their functions? Is the expertise of the administrative class merely another example of functionalism, or does it differ *in kind* from the functionalism characteristic of the civil service as a whole? What is the relationship of the idea of civil service neutrality to these questions?

*These are not irrelevant or captious questions. They are things we are entitled to know about our new Ruling Class.*

Waves of civil service reform have proposed answers to Waldo’s penetrating questions. But often the prescriptions offered have come with such certainty and assurance, and such a lack of full consideration of the range of their implications, that Waldo might very well have described them as mere additions to an ever-growing collection of “shallow and spurious answers” (1948, p. 102).

## THE CONSTANTS OF CIVIL SERVICE REFORM

Since the 1950s, the list of crucial policy issues directly involving the public personnel function in the United States has lengthened considerably. It includes, to name just a few, constitutional protections, equal employment opportunity and affirmative action, pay equity, political activity, and labor relations. Most recently, reform initiatives have raised basic questions related to the role of the civil service in contemporary society, the functions of personnel offices, and the goals of human resource management systems. Indeed, there has been a push toward fundamental or radical reforms that challenge and seek to sweep aside long-held core principles of traditional merit systems. Public personnel policy and human resource management, accordingly, have become increasingly dynamic and complex policy arenas that operate on at least three different but almost always interrelated levels: ideological, political, and technical. The drivers of civil service reform and the settings within which it takes place vary widely from place to place and time to time, but the three constants remain.

### An Ideological Dimension or Component

An ideology may be understood as a more or less coherent system of dominant ideas. It is expressed in the belief on the part of policymakers and their associates that a particular way of governing and handling the human resource needs of public agencies is inherently preferable on normative grounds and will produce higher levels of efficiency than other ways of doing things. Ideologies are action- or change-oriented and typically offer “a picture of a better . . . life for humans—a *goal culture*” (Ingersoll, Matthews, and Davison, 2001, p. 5). A simple example would be the now widely held belief that privatization and contracting out of most if not all public services will yield better results and lower costs than direct provision by public agencies. This assumption is rooted in a normative preference for the “free-market economy” and the individual “liberties” that are expected to go along with its realization. In this context, the explanation for government performance problems or failings boils down to a firmly held belief that the values, structures, and processes of existing civil service systems are contrary to those embedded in a particular belief system. This diagnosis is then paired with a set of civil service reform prescriptions that do conform. Implementation, by definition, solves the problems in question. Civil service reforms grounded on ideology are seldom based solidly on credible empirical evidence, and they are unlikely to be accompanied by plans for objective evaluations of outcomes.

### A Political or Power-Related Component

Without exception, civil service reforms of any magnitude are intended by their authors to build and realign the relative power of the actors and interests that rely on governmental agencies for material and nonmaterial resources. In other words, civil service reforms serve as vehicles to establish and defend political actors’ standing and capacity to influence the “authoritative allocation of values.” This capacity includes the ability of elected executives and legislators to implement their policy agendas and programs. Structural reorganizations, modifications in the authority and jurisdiction of personnel offices, and changes in hiring and job classification systems, for example, often produce dramatic shifts in the internal political dynamics of agencies and in the balance of power among agencies and branches of government. Usually, there is also a symbolic political dimension—an effort to influence and mobilize public opinion. Civil service reforms are “sold” as needed to enhance executive leadership and accountability for results and, inevitably, to allow and speed the removal of legions of unresponsive, incompetent, and insulated bureaucrats who the public is anxious to believe lurk in the shadows of all government agencies.

The political stakes connected to civil service reform are clearly illustrated by the recent confrontation between the George W. Bush administration and



federal labor organizations over the president's insistence that the employees of the new Department of Homeland Security (DHS) be afforded reduced civil service protections and restricted collective bargaining rights. This confrontation produced a deadlock in the U.S. Senate that was not resolved until the Republicans reestablished control in the 2002 elections. In the starkest terms, the president's "win" in the contest over personnel policies for the DHS was nothing less than a much wider political defeat for organized labor and its supporters in the U.S. Congress.

### **A Technical Component**

A third set of reasons advanced in support of civil service reform is technical. Civil service reforms are often designed at least in part to implement structural and procedural changes in human resource systems that public managers, personnel specialists, and executives believe are needed to visibly increase efficiency and enhance performance. These reforms center on changes in human resource management methods, procedures, and technologies. Modernizing performance evaluation systems, streamlining and decentralizing recruitment and selection processes, and reducing the number of job classifications are common examples of these kinds of reforms. They are the bread and butter of human resource professionals and specialists.

It is also commonplace, nonetheless, for civil service reforms driven by ideological or political agendas to be "sold" to policymakers, interest groups, and the public at large as technical steps needed to improve efficiency and to root out incompetent and unresponsive bureaucrats. Whether the reforms, if implemented, will actually lead to desired improvements in the operation and productivity of public agencies or whether they may solve some problems while creating others are usually open questions. In addition, once reform packages are enacted and implemented by executives, technical goals often fade into the background and become uninteresting to elected officials and powerful organized interests. Performance management schemes, particularly merit pay plans, offer excellent examples of this process. Legislative and executive support, budgetary and otherwise, for technical efficiency improvements normally declines rapidly once the underlying ideological and political goals are seen to be accomplished or perhaps no longer relevant to new circumstances.

## **RECENT REFORM INITIATIVES**

Civil service reform at all levels of government in the United States, as well as in other countries, is a context-bound enterprise driven by different and dynamic combinations of ideological, political, and technical forces. Here, we set forth brief illustrations drawn from recent dramatic civil service reform initiatives in

the states of Georgia and Florida and in the federal departments of Homeland Security and Defense.

### **Georgia: An Experiment in Radical Reform**

During the 1990s, the reinventing government movement swept the nation and carried with it significant implications for civil service (National Performance Review, 1993; Hays and Kearney, 1997; Kearney and Hays, 1998; Kettl, Ingraham, Sanders, and Horner, 1996; Osborne and Gaebler, 1992; Osborne and Plastrik 1997; National Commission on the State and Local Public Service, 1993). The state of Georgia embraced much of that public personnel management reform agenda and added a few transformations of its own design. The state significantly altered its civil service law and public personnel management systems. The transformation of state personnel and human resource management policies was achieved primarily through two distinct actions.

The first undertaking was the development and implementation of a new performance management system initially called GeorgiaGain™. As described elsewhere (see Kellough and Nigro, 2002; Georgia Merit System, 1994), GeorgiaGain™ was developed initially in 1994 and 1995. It involved a reworking of key aspects of the personnel management process and included a significant reduction in the number of pay grades, an effort to make entry-level and mid-level salaries more competitive, the establishment of a new performance appraisal system, and a requirement for individualized employee performance plans. New job descriptions that accurately reflected employee responsibilities were also to be developed. At the center of GeorgiaGain™, however, was the concept of merit pay. Annual employee pay adjustments were to be based on individual performance as measured through the new assessment procedure. Despite pessimistic findings from academic research on the topic (Kellough and Lu, 1993; Milkovich and Wigdor, 1991), the hope was that this new pay-for-performance system would increase employee motivation and productivity and would ultimately lead to more productive state agencies. The state invested heavily in training both supervisors and nonsupervisors in the operation of the new system, but an assessment conducted four years after full implementation found significant disenchantment with GeorgiaGain™ among employees and managers (Kellough and Nigro, 2002). In part, in response to these kinds of perceptions, the state revamped the system in 2001, authorizing the payment of onetime bonuses in addition to annual increases and other measures intended to make state compensation more competitive (Georgia Merit System, 2001a, 2001b). The new approach was labeled “PerformancePLUS.” Unfortunately, the significant economic downturn of the years immediately following this revised approach made pay increases of any type a moot point for most Georgia state workers.

The second major transformation of Georgia personnel practices occurred early in 1996 with passage of Act 816 by the Georgia legislature. This legisla-

tion dramatically reformed the structure and legal framework for civil service in Georgia, and those changes classically illustrate the type of system sought by a number of current reform advocates. Details on the act, its implementation, and employee impressions of its effects are addressed in several places in the literature (see Nigro and Kellough, 2000; West, 2002; Gossett, 2002; Condrey, 2002; Lasseter, 2002; Kuykendall and Facer, 2002). In general, the reform was intended to enhance bureaucratic responsiveness to executive leadership (the governor and state agency heads) and to raise employee and agency productivity by removing what were considered “cumbersome” merit system procedures and creating an “at will” employment relationship between the state and its workers. All employees hired into state civil service positions after July 1, 1996, or promoted from one position to another after that date were placed in the “unclassified” service, meaning that they have no property interest in their jobs and that as a result, they are not entitled to due process in termination proceedings. Employees who were hired into their current positions prior to July 1, 1996, retained a property interest in employment and the relative security of tenure that comes from the guarantee of due process in any adverse action. These employees comprise the state’s “classified” service. Obviously, the proportion of the state employees in unclassified positions has been growing steadily since the reform passed, and in early 2004 stood at approximately 70 percent of the state’s workforce.

As was suggested by a number of influential reform groups, such as the Winter Commission and the federal National Performance Review (National Commission on the State and Local Public Service, 1993; Thompson, 1994; Thompson and Radin, 1997; National Performance Review, 1993), the Georgia legislation also called for the significant decentralization and deregulation of public personnel management. State agencies were given wide discretion and flexibility in managing virtually all aspects of human resource policy. Agencies were free, following the reform, to fashion streamlined recruiting and hiring processes tailored to their specific needs and circumstances and to establish personnel policies that supported timely and effective responses to executive leadership and policy priorities. Of course, the “at will” employment relationship permitted them to expedite adverse actions and appeals procedures. The decentralization of personnel policy mandated by Act 816 called specifically for agencies to (1) define job classes that are unique to the agency and set qualifications and pay ranges for these classes; (2) allocate all agency positions to defined job classes; (3) recruit and screen applicants for job vacancies; and (4) develop policies needed to ensure compliance with all applicable employment-related state and federal laws (State of Georgia, 1996, pp. 685–686).

Act 816 was also intended “to establish in the state a system of personnel administration which will attract, select, and retain the best employees based on merit, free from coercive political influence, with incentives in the form of equal

opportunities for all which will provide technically competent and loyal personnel to render impartial service to the public, and at all times to render such service according to the dictates of ethics and morality; and which will eliminate unnecessary and inefficient employees” (State of Georgia, 1996, p. 684). These goals were enthusiastically endorsed by then Governor Zell Miller and were enacted into law very quickly by the state legislature. In the process, no systematic effort to assess the impact of the reforms was mandated or apparently even contemplated.

The Georgia reforms, like much of the reinventing government agenda of the 1990s, reflect a clear ideological preference for market-oriented approaches to the delivery of public services as well as a deeply rooted mistrust of, if not contempt for, many of the norms associated with traditional merit systems. These views are reflected in the creation of the pay-for-performance system, the shift toward at-will employment for state workers and, in general, the deregulation of the personnel processes. These approaches were adopted at face value. Advocates of the reforms had no empirical evidence that the new procedures adopted following the implementation of the reforms would lead to the selection of better employees or the more efficient operation of state agencies. In fact, the merit pay reform was implemented despite a significant amount of research demonstrating that it is often quite a problematic compensation structure that may contribute more to employee alienation than to motivation to work (Kellough and Lu, 1993; Milkovich and Wigdor, 1991; Pearce, 1989; Pearce and Perry, 1983; Perry, 1988; Perry, Petrakis, and Miller, 1989). Only one year before the state began designing its merit pay plan, the federal government abandoned its system after failing for over a decade to make it work effectively.

It seems obvious also that the Georgia reforms served various political purposes. By placing substantially greater personnel authority in the hands of state agencies and their directors and by removing the property interest in employment, employees were made potentially more accountable to executive authority exercised through the agencies and in most instances, by extension, through the governor’s office. In short, the reforms can be seen as a means of increasing political influence or control over the bureaucracy. The reforms may also have served Governor Miller’s political agenda. The changes to the personnel system were a symbol of the governor’s effort to manage the state’s affairs more efficiently and to “run the government more like a business.” It is also likely that party politics played a part in the reform process. By coming out strongly against the traditional system and its inefficiencies, Governor Miller, a Democrat, was able to co-opt the position of many of his Republican rivals on this issue.

It is also true, nevertheless, that the Georgia reforms were motivated in part by a desire to address selected technical aspects of personnel management. Changes made to the performance appraisal process and the significant reduction in the number of pay grades in the system were reforms that have been ad-

vocated by a number of specialists in the field. Whether these changes or the many other more drastic measures undertaken have improved personnel management in the state and led to better government is open to question, however. To date, no significant effort to evaluate the effects of Georgia's radical version of civil service reform has been undertaken by the state, and the Georgia Merit System's statutory mandate to conduct regular audits of the system had not been acted on at this writing. Finally, the election of the state's first Republican governor since Reconstruction in 2002 underscores long-standing concerns about the reform's potential to unleash widespread patronage hiring and firing in the now largely deregulated and decentralized state personnel system.

### Service First: Radical Reform in Florida

Florida has been in the national headlines rather consistently over the past several years. The presidential election recount debacle that ended up in the U.S. Supreme Court may be the most dramatic example, but the state's large and growing population (up almost 25 percent during the 1990s), racial and ethnic diversity, complex and changing economy, and public policy challenges ranging from environmental protection efforts to Cuban refugees make Florida an important place to watch for insights about reform initiatives and their consequences. What happens in Florida *may* tell us something about what is likely to happen elsewhere sometime in the not-too-distant future. Like its neighbor Georgia, Florida had, by the end of the 1990s, turned away from a very significant but incremental and largely technical approach to civil service reform in favor of an ideologically driven and highly partisan campaign to demolish traditional civil service and to replace it with a radically different model called Service First. This legislation took effect on July 1, 2001.

Service First offers many of the now standard elements of recent civil service reforms. Like their counterparts in other states and on the national level, these changes were justified on the grounds that they would do much to overcome the technical limitations of what some observers saw as long out-of-date and inadequate civil service (merit) systems and, in so doing, would promote the much higher levels of administrative efficiency and effectiveness required of today's governments. Accordingly, the Florida reforms enacted included all of the following elements (Walters, 2002, pp, 30–38):

- Structural decentralization and delegations of many human resource functions to state agencies
- Broad grants of discretion to agencies in areas like recruitment, selection, hiring, and promotions
- Broadbanding of job classification and pay systems
- Individual and group performance bonuses

- Streamlined dismissal, grievance, and appeals procedures
- Contracting out of some human resource functions
- Pay for performance or merit pay

The Florida reform removes from civil or classified service and places in the selected exempt service all of the state's supervisory personnel (some 16,000 out of a total of about 120,000 workers). Those in the selected exempt service serve "at will." In other words, they have no property interest in employment and no guarantee of due process in adverse actions. In addition, effective July 1, 2001, the new law eliminated the concept of seniority in human resource management and policy for *all* state employees except police, firefighters, and nurses. In practice, this means that agencies administering reductions in force and downsizing programs may at their own discretion separate or transfer individuals with the most seniority first. In the selected exempt service, there is no right to appeal layoffs and reorganizations. Other state employees, those still in the classified service, enjoy procedural protections set in negotiated labor contracts and they may also appeal adverse actions using a process involving agency heads, the Public Employee Relations Commission (PERC), and a district court of appeals. For the selected exempt service, there is no right whatsoever to appeal adverse actions (Walters, 2002; Bowman, West, and Gertz, forthcoming).

The ideological and political forces driving reform in Florida, like those in Georgia, are clearly reflected in Service First. First and foremost, Service First embodied a strong belief in and preference for a market-oriented or private sector model for personnel management in Florida's state government. The interests backing Service First were for the most part advocates of a small, tightly controlled state government that fostered private enterprise and was under the direct control of the governor and appointed state agency heads. As such, it is the direct result of the efforts of a coalition of business and tax-cutting interests working hand in hand with conservative elected officials led by Governor Jeb Bush (Bowman, West, and Gertz, forthcoming). Key actors were the Florida Council of 100, a group composed of influential businesspersons, and Florida TaxWatch, a policy research organization financed by Florida businesses. Bush worked with these groups to publish in 2000 a report titled *Modernizing Florida's Civil Service System: Moving from Protection to Performance* (Florida Council of 100, 2000). In this report, Florida TaxWatch described the state's civil service as not having kept pace with management-centered human resource practices in the private sector. State employees' property and seniority rights were singled out for harsh criticism and described as major causes of inefficiency and resistance of executive leadership in state government.

Initially, Governor Bush sought reform legislation that would have placed all employees in an "at will" status, but this comprehensive coverage was beaten

back by organized labor (American Federation of State, County, and Municipal Employees (AFSCME)) in the state senate. Support for the governor in the previous election appeared to be a factor in the exclusion of two police and one nurses' organization from coverage. On the seniority issue, the governor's coalition emerged with a complete victory; all state employees—except police, firefighters, and nurses—lost all seniority rights when Service First took effect on July 1, 2001. Overall, after a series of court challenges mounted by AFSCME ended with the Florida Supreme Court's ruling that the provisions of Service First were not negotiable, most if not all of the Council of 100's agenda was accomplished (Walters, 2002).

As one observer put it, "The Florida reform efforts have essentially been as effective as the abolitionist approach in . . . Georgia: Florida now has a civil service system that arguably exists in name only" (Walters, 2002, p. 31). Control over key day-to-day human resource processes of the state of Florida is now for all practical purposes entirely in the hands of the governor and his agency heads. There may be an effort to expand the reform's at-will coverage to all state employees in the future, but this is uncertain and may depend on the public's sense of how well Service First has worked. With regard to the promised improvements in administrative efficiency, performance, and responsiveness, only time will tell if Service First has achieved its objectives and if the costs in terms of employee protections have been worthwhile.

### **Federal Reform After 9/11: Personnel Politics and the Departments of Homeland Security and Defense**

The terrorist attacks on the United States that occurred on September 11, 2001, brought significant changes to American government and public policy. Airport baggage screeners were federalized, law enforcement authorities were given broad new grants of authority, and federal agencies involved in public safety and security matters were substantially reorganized. The chief mechanism by which that reorganization occurred was the Homeland Security Act of 2002. The act transferred twenty-two domestic federal agencies and 170,000 employees with responsibility for disparate aspects of national security into the newly established Department of Homeland Security (DHS). Among those agencies were the Coast Guard, the Border Patrol, the Customs Service, the Immigration and Naturalization Service, and the Transportation Security Agency. The law represented the largest reorganization of federal agencies involved in national security since President Truman established the Department of Defense. Improbably, a major obstacle to ultimate passage of the legislation was the president's desire to impose a "reformed" personnel system on the new department. On national security grounds, the Bush administration sought significant personnel "flexibilities" in line with the types of reforms that had been implemented in states such as Georgia and Florida and limitations on opportunities for collective



bargaining for employees transferred from other agencies. Responding to their labor union constituencies, most Democrats opposed these changes, and the legislation stalled until after the midterm election and the shift to Republican control of the Senate. The bill was ultimately passed on November 25, 2002.

With respect to personnel policy, the Homeland Security Act gave the administration a very broad grant of authority for reform. The act amended Title 5 of the U.S. Code, which covers federal civilian personnel matters, by specifying that the secretary for homeland security and the director of the Office of Personnel Management (OPM) could at their discretion establish a new personnel system for the department. The law required that the system established must be “flexible” and “contemporary.” It also prohibited modification of specified merit principles associated with hiring and required maintenance of the concept of equal pay for equal work, the protection of whistleblowers, and adherence to equal employment opportunity laws. Departmental employees were also assured of their right to collective bargaining through their labor organizations, but the law specified that that right was subject to exclusions or limitations permitting the removal of collective bargaining rights for any employees deemed to be involved in matters of intelligence collection, counterintelligence, or investigative work in the battle against terrorism. Other than those restrictions, the secretary and the director were given a free hand to reshape human resource policies for the new department, provided that the new system was developed in collaboration with representatives of the department’s employees.

In April 2003, a human resource design team was established, consisting of officials from the new department, the OPM, and ten representatives from three federal unions representing departmental employees. The job for the team was to develop proposals for the new personnel policies in six core areas: classification, compensation, adverse actions, appeals, labor relations, and performance management (Clarke, 2003). The design team consulted with representatives from a variety of federal agencies, state and local governments, and private organizations and reviewed publications addressing public personnel management issues (General Accounting Office, 2003). A long list of alternative proposals for personnel policy in the areas specified was developed by the fall of 2003. The list included options that ranged from maintenance of current practices to significant departures from traditional civil service procedures (Zeller, 2003; U.S. Department of Homeland Security and Office of Personnel Management, 2003). Final decisions on the nature of the new system were developed, and proposed regulations were published in the *Federal Register* in February 2004 (“Department,” 2004).

The proposed new rules for the Department of Homeland Security personnel system called for abandonment of the government’s general schedule pay structure and establishment of an alternative arrangement for job evaluation and pay administration (“Department,” 2004). The new structure would be built by



grouping jobs into broad occupational categories based on the type of work and skills needed on the job. A pay system known as broadbanding would then be developed, with broad salary bands to correspond to work at specific levels (designated “entry or developmental,” “full performance,” “senior expert,” and “supervisory”). Individual pay adjustments within each band would consist of market-related adjustments, locality pay supplements, and annual performance-based pay increases. The regulations relax the requirement that managers develop specific written performance standards for each employee at the beginning of an annual performance appraisal period and allow managers to communicate expectations through a variety of other mechanisms including the use of directives or specific assignments. In the performance appraisal process, the regulations simply require a minimum of three performance standards: “unacceptable,” “fully acceptable,” and “above fully acceptable.” The results of the individual performance appraisal are to be used to determine annual performance-based or merit pay increases in salary.

Greater flexibility in collective bargaining is also outlined in the proposed new rules (“Department,” 2004). For example, oversight of the bargaining process and the adjudication of disputes involving such issues as bargaining unit determination, unfair labor practices, bargaining impasses, and issues of negotiability are to be handled by a “Homeland Security Labor Relations Board” rather than through the fully independent Federal Labor Relations Authority (FLRA). The Homeland Security Board is to work from a position sensitive to the department’s mission and goals while remaining fair and retaining a degree of independence. The board will not report to the secretary of homeland security. Also, its three members, one of whom will come from the FLRA, will be appointed to fixed terms and subject to removal only for inefficiency, neglect of duty, or malfeasance in office. The scope of bargaining, which is already quite limited for federal employees, is to be further restricted. Items not subject to negotiation include a number of managerial concerns, such as the number and types of employees in a given unit, the methods and means employees use to perform work, and management’s right to determine mission, organization, budget, and internal security practices. The department’s right to hire, assign, and direct employees is also shielded from negotiation. Management retains the right to take any action in any of these areas without advance notice given to a union and without bargaining. In addition, the departmental secretary is granted authority to disapprove any collective bargaining provision whenever he or she determines that it is contrary to law, regulation, or management rights.

Adverse actions, including removals, suspensions, demotions, and reductions in pay, are also addressed in the proposed regulations (“Department,” 2004). First, a one- to two-year “initial service period” or probationary period is required for all employees upon appointment to the department, but prior federal service would count toward that requirement for employees transferred from

other agencies. During this period, which is longer than typically used elsewhere in the federal service, employees will not possess a property interest in their jobs and will be subject to discipline and removal with relative ease. Once the initial service period is completed, employees are subject to new adverse action procedures that provide for a shorter advanced notice period of fifteen days and a reduced period of only five days during which an employee may respond to allegations of misconduct. The secretary is also given authority to identify offenses that have a “direct and substantial” impact on the department and for which the penalty will be mandatory removal from federal service. In these cases, advance notice of five days is all that is required, and employees charged must respond within five days. In all cases, employees are entitled to a written decision, but the burden of proof on the department is substantially reduced from past practices and requires only that the department establish a “factual basis for the adverse action and a connection between the action and a legitimate Departmental interest.” The factual basis may rest merely on “substantial evidence” rather than “a preponderance of the evidence.” In addition, a single process for adverse action is mandated for problems of poor performance and problems of employee misconduct. The requirement for a formal period of sixty to ninety days for poor performers to have a chance to improve performance prior to adverse action is eliminated.

Common adverse actions may be appealed to the U.S. Merit Systems Protection Board (MSPB), but new standards for the MSPB to apply in any review are established to ensure that the department’s critical homeland security mission is accommodated in the appeal process, and restrictions are placed on the MSPB’s ability to alter penalties imposed (“Department,” 2004). Mandatory removals may be appealed either directly to the federal judicial system or the MSPB, with a deferential standard of review to be employed by the MSPB and a decision from that agency required within twenty days.

Whether such changes are necessary to allow effective management of the DHS is an interesting and perhaps unanswerable question. In the days immediately following publication of the department’s proposed regulations, Senator Susan Collins of Maine, the chair of the Senate Governmental Affairs Committee, expressed concern over the reduced burden of proof on the department in adverse action proceedings and the restrictions placed on the MSPB in the appeals process but otherwise praised the proposals (Zeller, 2004). The General Accounting Office also weighed in on the proposed new rules just five days after they were announced. In testimony before subcommittees of the Senate Committee on Governmental Affairs and the House Committee on Government Reform, Comptroller General David M. Walker was generally supportive of the proposed new personnel system but called for the identification of “core competencies” as part of the performance appraisal process, urged caution in the specification of mandatory removal offenses, and expressed concern that employees continue to be involved in a “meaningful manner” in departmental af-

fairs despite the reduction in the scope of collective bargaining (General Accounting Office, 2004). Walker also noted that the expense of implementing the new system was estimated to be \$110 million and called for continuous evaluation of the system and its implementation to allow for adjustments to be made as elements are put into place.

While alternative approaches to personnel policy in the DHS were being formulated, legislation seeking similar flexibility for the personnel system governing civilian employees of the Department of Defense was also moving through Congress. The bill, which was passed in November 2003, amended Title 5 by establishing the Department of Defense National Security Personnel System. As in the Department of Homeland Security, the Defense Department bill gave the departmental secretary and the OPM director joint authority to establish a completely new system subject only to specified restrictions prohibiting the elimination of core merit principles and equal employment opportunity concepts. Specified defense research laboratories that had already engaged in broad personnel reform under demonstration project authority granted by the OPM were excluded from coverage of the law. The defense department system was to be “flexible” and “contemporary,” as was the case in the DHS. Significantly, the Defense Department bill also specifically called for the establishment of a new performance management process that would include a pay-for-performance system linking individual pay to performance.

The National Security Personnel System of the Department of Defense (DOD) was to be developed through a collaborative process much like that used in the case of the DHS, but it appears that experience gleaned during the development of DHS proposals enabled the development of proposals for the new human resources system for the Defense Department to proceed more rapidly than those for Homeland Security. In early February 2004, the DOD released its proposals for the new system of labor relations as a way of beginning the “collaborative” process. The proposals called for the removal of the department from coverage of Chapter 71 of Title 5, which governs federal labor relations; the elimination of oversight by the Federal Labor Relations Authority of the process of collective bargaining in the DOD; and the establishment of the Defense Labor Relations Board to make final decisions on labor issues. The department argued that this would allow a better balance of the DOD’s national security mission with employee and union rights. Employees in supervisory, management, or confidential positions, and, more significantly, employees performing intelligence, counterintelligence, investigative, or security work that affects DOD physical, personnel, or informational security were prohibited from bargaining. Attorneys, human resource workers, and employees hired on term-limited assignments would also be prohibited from union activity. In addition, the current relatively restrictive scope of bargaining was to be maintained, and a broad grant of management rights, including rights to set all policies regarding pay, was endorsed, along with the right of DOD managers to waive collective bargaining during

emergencies or for national security reasons. Defense employees would also be prohibited from attending to union business during their working hours.

Defense employee unions objected vigorously to the department's proposals, arguing that they will seriously undermine labor relations. Representatives from the unions were to submit their own proposals by the end of February 2004. At a hearing on the department's proposals held on February 11 by the U.S. House of Representatives' Subcommittee on Government Reform, Ronald Sanders, the OPM's associate director for human resource management, testified that the OPM did not assist the Defense Department in developing its proposals but that the agency would become more involved in the design of the new human resource system for the DOD in the near future (McGlinchey, 2004). By the end of the year 2004, the new personnel policies were expected to be largely in place.

It is clear that in the Department of Homeland Security and the Department of Defense, personnel reform is being driven in part by an ideological and political orientation enamored of practices characteristic of the private sector where managers typically have greater discretion than their counterparts in the public service. This view is reflected in the new flexibilities regarding job classification and pay, the limitations placed on collective bargaining, and the streamlined disciplinary procedures. However, certain core features of traditional civil service are retained. For example, employees are entitled to procedural due process prior to removal or other adverse action. The right to collective bargaining is also retained, although it is significantly limited. This approach stands in sharp contrast to the state of Georgia, where all employees will eventually serve at will and there is no collective bargaining. In the case of Florida, a major difference is that for all managers in that state, the employment relationship is at will and there are no seniority rights for any employees. In some respects, then, it would appear that federal reforms could have gone further, and perhaps, as in Florida, they would have had it been politically feasible. In any event, the new systems designed for the Department of Homeland Security and the Department of Defense may, for better or worse, provide a blueprint for other federal agencies and state and local government jurisdictions to follow.

## CONCLUSION

As Florida and Georgia go, so goes the nation? In matters of civil service, they have certainly taken the lead and have thus provided excellent examples of how ideological perspectives, political interests, and technical needs may come together to drive radical reform agendas. Will they provide a model or models for reformers in other state governments? In all likelihood, most states will continue their current patterns of significant incremental reforms (decentralization, deregulation, improved performance management systems) focused on bringing personnel policies and practices into line with "state of the art" thinking about how

to achieve higher productivity and better executive leadership. Ideology and politics, though less powerfully expressed and less dramatic in their impact, will remain important factors in these states' reforms. It is also worth noting that Georgia and Florida are in the very early stages of their experiences with radical reform, and the future may bring moderating changes or outright retreats from their current postures.

The George W. Bush administration's aggressive foray into the arena of civil service reform is only in its early formative stages, and time will tell if it has any lasting effects on the government's capacity to protect the homeland. What is clear, of course, is that the battle over personnel policy for the Department of Homeland Security, particularly that relating to collective negotiations, opened a very large window onto the ideological, political, and technical dynamics of *federal* civil service reform. The upcoming efforts to translate the legislation into operating rules and regulations promise to be equally interesting as the contending parties clash over the details of personnel administration at the DHS and the DOD.

If nothing else, the latest round of federal civil service reform underscores the disappearance of anything resembling a single federal personnel system and the accelerating emergence of many federal personnel systems at the agency level. The Bush administration has done nothing to stem that tide. It has, in fact, treated it as the appropriate way to deal with federal personnel policy and reform. Federal civil service reform in this environment is likely to consist of many agency-level reforms, some of which may be radical in the terms discussed here. Under these conditions, the disintegration of federal personnel will continue, and in the end, the last remnants of the central structure that began to build with the Pendleton Act and began to come down with the Civil Service Reform Act will pass from the scene. In a sense, unlike Georgia and Florida, where radical reform came quickly and violently, the federal civil service has been undergoing a process of slow-motion radical reform for the past forty years.

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## State Civil Service Systems

Keon S. Chi

Following the terrorist attacks of September 11, 2001, most states had to implement various cutback management strategies to deal with one of the worst fiscal crises they had faced in history. Their strategies included, but were not limited to, traditional methods of cost savings such as workforce reduction, reorganization of selected state agencies, and privatization. According to a survey of selected agencies in the fifty states conducted by the Council of State Governments (CSG) in 2002 and 2003, most states laid off “nonessential” employees, ranging from several hundred to several thousand; froze the hiring of new employees; and reduced, temporarily or permanently, the number of government positions, all in an effort to save money (Chi, Arnold, and Perkins, 2003b). In 2003, reorganization was the most frequently mentioned management cutback tool in gubernatorial state-of-the-state addresses. On another front, several states relaxed constitutional or statutory restrictions on privatization, thus affecting state jobs. In recent years, contracting out or outsourcing state services and programs has become a routine cost-saving approach among state agencies and is likely to continue despite resistance by state employee associations and unions (Chi, Arnold, and Perkins, 2003a).

That state policymakers tended to rely on reducing state workforces to cope with budget shortfalls, often on an ad hoc basis, was not unusual. They also turned attention to their civil service system to find ways to improve public management and administration on a longer-term basis. In many states, out-



dated civil service systems have been blamed for the ineffectiveness and inefficiency of state management as well as inflexibility and outmoded mod operandi of administrators. Some states have succeeded in reforming their civil service systems; others, though having implemented innovative reform initiatives, have not succeeded due in part to the complexity of the systems and state internal politics.

The literature on specific areas of state human resource management is extensive, but it is difficult to obtain information on general trends in civil service systems in the states. Today, state policymakers and researchers are asking, What are states doing with their civil service systems during the present era of austerity and retrenchment? Based primarily on national survey data and state government reports, this chapter describes recent trends in state civil service systems in three areas: structures and functions of civil service commissions and personnel agencies, civil service reform efforts, and workforce planning for the future. The chapter is also designed to fill a gap between academic or theoretical analyses of human resource management and practitioners' perspectives and operations of state personnel administration.

## **CIVIL SERVICE COMMISSIONS AND PERSONNEL AGENCIES**

States' human resources are managed by two or more central state agencies. In most states, executive personnel agencies work in collaboration with independent civil service commissions or boards. Such commissions are established by constitutional provisions in fifteen states and by statutory provisions in other states. Although commissioners are normally appointed to five- to ten-year terms by the governor, subject to senate confirmation, their authorities and functions vary. In Georgia, the State Personnel Board provides policy directions for a state merit system of personnel administration. In Louisiana, the State Civil Service Commission serves as an impartial review board that enacts and adjudicates civil service rules to regulate state personnel activities and hears appeals from state employees. New Jersey's Civil Service Commission appoints a state personnel director to implement its decisions. And the New York State Civil Service Commission adopts and modifies rules governing a wide range of state civil service matters and handles appeals on such matters as examination qualifications and ratings, position classifications, pay grade determination, and disciplinary actions.

Central personnel agencies in the executive branch of state governments also vary in their legal basis, structure, method of appointing agency directors, and reporting procedures. Eleven states established their personnel agencies based on constitutional provisions; most of the other states established such agencies through statutory provisions. Pennsylvania's agency was created by an executive

order. However, all states but one (Texas) maintain a central personnel agency. Some states, like California, have two primary personnel agencies. Half of the states maintain a separate, independent personnel agency, while the other half have their personnel unit within a larger umbrella agency. Personnel agency directors are appointed by the governor in twenty-four states, by a personnel board in five states, and by a department head in fifteen states. Top personnel executives in the rest of the states are appointed by some other executive, such as the auditor, secretary of administration and finance, or management or budget director.

Many states have restructured their personnel agencies over the years. In 2003, for example, Iowa's Department of Personnel was merged into the Department of Administrative Services along with General Services, Information Technology, and Accounting. A unit called Human Resource Enterprise within the department is now responsible for personnel management. Wisconsin's former Department of Employment Relations was replaced in 2003 by the new Office of State Employment Relations as a result of the governor's effort to streamline state government. Table 4.1 shows the many names currently used by central personnel agencies, and these differences in nomenclature appear to reflect organizational variations as well. No two state personnel agency structures are alike. Although a majority of states have kept the same personnel agency names over the years, several states have recently changed their personnel agency name, some by replacing the term *personnel* with *human resources*. Until 1990, for example, only three states used the term *human resources*. By 1995, six states had adopted it; by 2003, a dozen states were using the term *human resources* for their personnel agencies. Perhaps the new label reflects more employee-focused functions of these agencies.

**Table 4.1. State Personnel Agencies.**

State	Personnel Agency
Alabama	State Personnel Department
Alaska	Division of Personnel
Arizona	Human Resources Division
Arkansas	Office of Personnel Management
California	State Personnel Board; Department of Personnel Administration
Colorado	Department of Personnel
Connecticut	Department of Administrative Services
Delaware	State Personnel Office
Florida	Human Resource Management
Georgia	State Merit System
Hawaii	Department of Human Resource Development
Idaho	Division of Human Resources

Table 4.1. State Personnel Agencies, Cont'd.

State	Personnel Agency
Illinois	Bureau of Personnel
Indiana	State Personnel Department
Iowa	Department of Administrative Services
Kansas	Division of Personnel Services
Kentucky	Personnel Cabinet
Louisiana	Department of State Civil Service
Maine	Bureau of Human Resources
Maryland	Office of Personnel Services and Benefits
Massachusetts	Human Resources Division
Michigan	Department of Civil Service
Minnesota	Department of Employee Relations
Mississippi	State Personnel Board
Missouri	Division of Personnel
Montana	State Personnel Division
Nebraska	State Personnel Division
Nevada	Department of Personnel
New Hampshire	Division of Personnel
New Jersey	Department of Personnel
New Mexico	State Personnel Office
New York	Department of Civil Service
North Carolina	Office of State Personnel
North Dakota	Central Personnel Division
Ohio	Division of Human Resources
Oklahoma	Office of Personnel Management
Oregon	Human Resource Services Division
Pennsylvania	Office of Human Resources
Rhode Island	Office of Personnel Administration
South Carolina	Office of Human Resources
South Dakota	Bureau of Personnel
Tennessee	Department of Personnel
Texas	(No central agency)
Utah	Department of Human Resource Management
Vermont	Department of Personnel
Virginia	Department of Human Resource Management
Washington	Department of Personnel
West Virginia	Division of Personnel
Wisconsin	Office of State Employee Relations
Wyoming	Human Resources Division

Sources: National Association of State Personnel Executives, 2003; Chi, 2004.

Despite various agency names, the major functions of state personnel administration are very much the same from state to state. These functions include merit testing, employee qualifications, human resource management information systems, classification, position allocation, compensation, recruitment, selection, performance systems, position audits, promotion, employee assistance and counseling, training, employee health and welfare programs, affirmative action, labor and employee relations, collective bargaining, grievances and appeals, alternative dispute resolution, retirement, incentive and productivity programs, workers' compensation, drug testing, and budget recommendations to the legislature.

Today, fewer state personnel executives are appointed by or report to the governor than in the past. Heads of state personnel agencies in twenty-six states are currently governor-appointed, compared to thirty-three in 1986. Thirty-nine directors reported directly to the governor two decades ago, and that number decreased to twenty-five in 1996. Meanwhile, the number of personnel executives appointed by an umbrella agency head or a personnel board has increased. The implication is that governors tend to have less direct control over state personnel administration than in the past, and therefore it has become more complicated for personnel agency directors to remedy weaknesses in civil service systems unless they have support from the upper-level department heads to whom they report. Changing the way state personnel administrative agencies work is also complicated. In a majority of states, personnel administration cannot be changed by executive actions alone. Because statutes are the legal basis of personnel agencies in most states, legislative commitment and support are necessary for agency reform.

In addition, it is important to note that although central personnel agencies perform the largest role in personnel management, other agencies also have significant duties involving the state workforce. In Arizona, for example, although the majority of agencies are subject to the jurisdiction of the Arizona Department of Administration's Human Resources System, there are twenty-three agencies that are not included in this system. These twenty-three agencies have been informally grouped into eleven separate human resource systems. Each of these systems develops its own employment, compensation, attendance, leave, and employee relations policies and procedures. In California, the personnel management bureaucracy consists of not only the State Personnel Board and the Department of Personnel Administration but also nine other agencies: the Public Employment Relations Board (union and labor practice), Department of Fair Employment and Housing (discrimination practices), Office of Administrative Law (personnel rules), Department of General Services (contracts for personnel services), Department of Finance (personnel budget), State Compensation Insurance Fund (employee insurance benefits), Public Employees' Retirement System (health benefit plans), State Board of Control (work assignments), and State Controller (payroll and personnel information system).

Finally, the debate over centralization and decentralization in state personnel administration continues. Nearly every state has decentralized at least some of its central personnel functions. But the real debate is not around the question of whether decentralization in general is desirable or not or whether a specific state should have a more decentralized personnel system. Rather, the debate appears to be around questions such as, How extensive should decentralization be? What elements of the civil service system should be consistent across state agencies? What issues should be up to individual line agencies to determine? What should the role of the central personnel agency be in a decentralized system? In several states, the central agency plays a facilitator's role, consulting with agencies, assisting them in developing agency policies and programs, providing training and technical assistance, and performing a statewide oversight function.

## CIVIL SERVICE REFORM

Civil service systems as we know them today did not exist in any of the states before the Pendleton Act of 1883 became effective in the federal government. New York was the first to adopt a civil service system at the state level. In the Empire State, Everett P. Wheeler, who helped draft the civil service act for the federal government, also drafted a merit system for New York. An influential legislator, Theodore Roosevelt, moved civil service legislation through both houses of the state legislature, and the reform-minded governor, Grover Cleveland, signed it into law in 1883. Massachusetts enacted its civil service law a year later, and other states followed by adopting the merit system in ensuing years; however, all these civil service systems have undergone continual change ever since.

In the 1970s, for example, more than half the states were involved in civil service reform. Major reasons for reform efforts included poor or weak personnel administrative practices that had not kept pace with governmental growth; a need to update antiquated statutes governing civil service systems; the emergence of unionism and collective bargaining; the increased demand of government employees for a clear definition of their status with respect to pay, benefits, and working conditions; the demand by the public to decrease the cost of services in government; and the impetus of civil service reform at the federal level. Progressive state policymakers generally agreed that state civil service systems were in need of radical reform to improve the productivity of state government (Cooke and Hammond, 1980).

During the late 1980s, states continued to initiate civil service reform projects. One survey conducted by the National Association of State Personnel Executives (NASPE) in 1992 (published in 1993) showed as many as thirty-five states were involved in some form of civil service reform. As for the rationale behind

their efforts, these states cited the need to change rules, regulations, and policies to meet executive leadership needs and to implement quality management initiatives. The NASPE survey identified governors and personnel agency executives as the main forces behind the reform initiatives in most states, but several states indicated that other executive agencies and personnel agency customers were driving the reform efforts as well. Comprehensive or “whole-sale” civil service reform was undertaken by a few states, while incremental reforms focusing on selected areas of civil service systems were implemented by many other states, typically over a period of several years. Classification, compensation, and performance evaluation were the main targets for reform in most states, followed by merit testing, employee benefits, selection procedures, incentive and productivity programs, retirement methods, and training. Another survey by NASPE conducted and published in 1996 showed that state personnel agencies were involved in reform activities in very much the same functional areas as in 1992.

Mostly recently, between 1998 and 2003, according to a survey of state personnel executives on state civil service reform conducted by the CSG in 2003 comprehensive civil service reform proposals were initiated or implemented in ten states. In addition, during the same period, more than half the states implemented or were completing partial or incremental civil service reform projects in key personnel administration areas, including classification, performance evaluation, and recruitment. As in the previous decades, states continue to reform their civil service systems to meet changing work environments and new expectations and demands. Recent civil service reform initiatives, like the many previous personnel reform projects, vary from state to state. One can take a snapshot of civil service reform efforts in the states by highlighting a few states with reform measures.

In Colorado, the Governor’s Commission on Civil Service Reform in 2003 submitted a comprehensive civil service reform proposal, addressing a wide range of issues, including the rule of three and restructuring personnel boards.

Delaware’s reform measures, which were under consideration by the Merit Employee Relations Board in 2003 and 2004, were designed to simplify and streamline the state’s merit rules, addressing issues such as sexual orientation, pay range, and the use of the term *human resources* instead of *personnel*.

Since 2001, Florida has been implementing a number of civil service reform measures, including movement of career service employees to the selected exempt service, prohibition of bumping, causes of suspension, discipline, recruitment by agency directors, leave payments, and employee performance evaluation and broadbanding.

Georgia passed a law in 1996 to make all new hires at-will employees, hoping that state workers can be more responsive and agency managers can have more flexibility in hiring, promotion, and terminations. However, employees

hired under the previous merit system continue to have civil service protections. Under the new law, agency directors are now responsible for several functions that the merit system agency had performed, such as screening job applicants.

Iowa's Department of Personnel was merged into the Department of Administrative Services in 2003. Human resource functions are now performed by a unit within the Department of Administrative Services.

Although there were no legal mandates or citizen review recommendations to mandate changes, the Michigan Department of Civil Service has undergone changes in virtually all areas of its responsibility in recent years, including classification and compensation and performance evaluation.

The New York Department of Civil Service transformed the state's 120-year-old civil service system "from an inflexible relic of declining relevance into a dynamic and progressive practitioner of quality merit system and human resource management" (New York State Civil Service Commission, 1998). New York was recently recognized for this achievement by the National Public Employees' Roundtable and the National Governors Association.

Oklahoma's Classification and Compensation Act of 1999 consolidated more than 1,400 job classifications into approximately 370 job families. The old thirteen-step salary schedule was replaced with wide salary bands; agencies were given flexibility over pay within appropriate salary bands.

Washington's state legislature enacted the Personnel System Reform Act of 2002, calling for sweeping changes to the state's civil service system. In addition to a radical change in the classification system, the act expanded the scope of collective bargaining to be negotiated by the governor's office. Under the new reform plan, the Public Employment Relations Commission administers collective bargaining agreements. The Personnel Appeals Board is abolished, and the role of the Personnel Resource Board has changed.

Why do states need to reform their civil service systems? What are they trying to change? There are no simple answers. One way to answer these questions might be to examine criticisms of the existing systems and highlight reform proposals or recommendations prepared by civil service study commissions. For example, a 1995 study by the Little Hoover Commission in California found that the state's civil service system was "antiquated and duplicative." The study cited "oversight overkill," "turf cold wars," and "regulations crafted to circumvent over regulation" and noted that such "structural problems create inefficiency and reduce accountability. Statutory restrictions make it hard to find the right person for the job, to discipline and reward, to promote and dismiss. And tensions between labor and management undermine efforts to collaboratively strive for improvement" (p. 62). To rectify weaknesses of the existing system, the commission recommended elimination of the State Personnel Board and assigning oversight of personnel management and central leadership to the Department of Personnel Administration to avoid overlap and conflict between the personnel



agencies; elimination of review by the Office of Administrative Law of rules, regulations, and negotiated agreements on personnel administration; allowing the Department of Personnel Administration to delegate to individual departments more authority over classification, selection, discipline, compensation, and layoff procedures; expanding the Career Executive Assignment program to include all managers and supervisors; enacting legislation to implement the negotiated solution as the sole venue for resolving major disputes; and eliminating the presumption of permanent tenure and automatic pay raises and to link salary adjustments to performance (Little Hoover Commission, 1995).

In Pennsylvania, a legislative committee found that executive agency managers often had little or no choice in hiring their employees, the civil service system was “duplicative and unnecessarily complex,” and employee appeal decisions were excessively slow. The Pennsylvania Legislative Budget and Finance Committee’s study (1998) called for a fundamental reform by establishing the Office of Administration to administer the personnel system more effectively; replacing the State Civil Service Commission with an independent quasi-judicial merit system hearing board; adopting a single merit-based personnel system covering virtually all nonpolicymaking employees under the governor’s personnel control; merging the civil service and non-civil service systems into one merit-based system that removes the distinction between non-civil service and civil service jobs; allowing agency managers greater discretion in hiring and promotion decisions by expanding beyond the rule of three and eliminating residency requirements; transferring the Civil Service Commission’s administrative functions to the Bureau of Personnel Administration; and retaining centralized test development and administration for most positions and decentralizing test development and administration responsibilities to agencies on a selective basis.

The Colorado Governor’s Commission on Civil Service Reform released its final report in 2003, criticizing the state’s existing civil service system as “a rigid employment system that causes waste and inefficiency and hinders the effectiveness of the state workforce [and] that failed to keep pace with changing legal and economic circumstances” (p. 10). It also pointed out that Colorado is one of only two states that restrict state managers to using the rule of three in hiring employees by constitutional provisions. The commission’s recommendations include adding gender to the list of impermissible bases for appointments and promotions under the fundamental merit principle; changing the constitutional provision to allow the personnel director to have rule-making authority; eliminating the rule of three to allow interview and appointment of any of a limited number of applicants who are qualified for the position; deleting the constitutional provision that specifies the probationary period in favor of a statutory provision for the current twelve-month probationary period; elim-



inating the requirement that applicants be residents of the state; and extending temporary appointments from the current six months to nine months out of any twelve. The reform proposal, however, did not address the position classification issue.

## POSITION CLASSIFICATION

Of the many personnel administration areas, classification has been the most talked-about topic in state civil service reform. Job classification systems have different purposes. In some states, for example, the system is regarded as a rational means for sorting and naming positions; in other states, it is an important administrative tool. In still other states, it is merely a tool in developing position specifications. A major problem with position classification in the states has been the number of classifications used. In short, state civil service systems have been criticized for using too many position classifications.

California appeared to reflect the typical problem with state classification systems. That state's civil service system consisted of about 3,500 job classifications. But more than 1,600 of them contain five or fewer employees. A report by the governor's office said, "This excessively detailed partition of state service greatly conflicts with the ability of individuals and all state government to serve California. It punishes those employees who quickly master skills by locking their pay to 'time in grade.' It frustrates managers who need to deploy and re-deploy the knowledge, skills, and abilities of their employees to maximize performance" (California Governor's Office, 1996, p. 62). It is good to remember that the National Commission on the State and Local Public Service (1993) recommended a drastic reduction of the number of job classifications, from several hundreds or thousands to no more than a few dozen. The report also advocated a simple pay structure to allow agency managers to use greater discretion in rewarding productive employees.

The new trend seems to be encouraging. In recent years, states have been moving toward a gradual reduction in the number of job classifications. Between 1996 and 2003, for example, as many as thirty states reduced their number of position classifications, and only six states reported an increase in the number (see Table 4.2). These states changed their classification systems through various title reduction projects without negatively affecting employee salaries. The number of classifications currently ranges from 250 or less in Massachusetts and New Mexico to more than 4,000 in New Jersey and Georgia. Overall, nineteen states now have fewer than 1,000 job classifications, and six states have under 500. Interestingly, in just two years, between 2000 and 2002, the number of classifications was reduced in seven states (Florida, Montana, New Mexico, South

Table 4.2. Number of Job Classifications, 1996 and 2003.

State	1996	2003
Alabama	1,481	1,400
Alaska	1,000	959
Arizona	1,575	1,089
Arkansas	1,854	1,619
California	4,500	3,500
Colorado	951	537
Connecticut	4,060	2,450
Delaware	1,300	900
Florida	3,100	433 <sup>a</sup>
Georgia	1,500	4,068
Hawaii	1,719	1,670
Idaho	1,633	1,200
Illinois	1,039	957
Indiana	1,501	1,385
Iowa	851	750
Kansas	762	648
Kentucky	1,700	2,158
Louisiana	2,875	2,490
Maine	1,300	1,107
Maryland	2,389	2,121
Massachusetts	1,150	200–250 <sup>b</sup>
Michigan	1,691	1,681
Minnesota	2,269	2,061
Mississippi	2,500	2,000
Missouri	1,307	1,033
Montana	1,350	1,300
Nebraska	1,460	1,200
Nevada	1,300	1,250
New Hampshire	1,251	1,000
New Jersey	6,169	4,707
New Mexico	1,200	250 <sup>c</sup>
New York	5,950	3,777
North Carolina	3,500	3,000
North Dakota	980	940
Ohio	2,000	2,500
Oklahoma	1,407	375
Oregon	815	700
Pennsylvania	2,782	2,828
Rhode Island	1,500	3,412

Table 4.2. Number of Job Classifications, 1996 and 2003, Cont'd.

State	1996	2003
South Carolina	2,298	500
South Dakota	551	450
Tennessee	1,680	1,766
Texas	1,148	950
Utah	2,200	940
Vermont	1,300	1,300
Virginia	1,800	300
Washington	1,750	2,800
West Virginia	750	875
Wisconsin	2,800	1,870
Wyoming	774	500

Sources: National Association of State Personnel Executives, 1996; Chi, 2004.

<sup>a</sup>In Florida, more than 3,300 classes were consolidated into 23 job families, 38 occupational groups, 228 occupations, and 144 broadband levels.

<sup>b</sup>In Massachusetts, these are known as "job series."

<sup>c</sup>New Mexico has 245 technical occupation groups and 5 manager categories.

Dakota, Texas, Utah, and Virginia). Under Washington State's Personnel System Reform Act of 2002, which is scheduled for implementation in 2005, the number of job classifications will be substantially reduced. After reform, the act says, "state services will be delivered more effectively, and agencies will have more flexibility to meet changing needs and employees will have enhanced mobility and career advancement opportunity."

In general, the number of classifications appears to be associated with the number of state employees. The more state workers, the more job classifications. California, New Jersey, and New York are examples. But there are exceptions. Texas, for example, employs almost as many people as New York but has only one-fourth the classifications. The number of job classes may be related to such factors as how often the classification system is updated, how involved the personnel department is in the state budgeting process, how often the legislature requests more titles to support a new or expanded program, how difficult it is to get rid of job classifications once they get in the system, and how much opposition there is from employee unions. Two other factors affecting the number of job classes are organizational structure and the need for new occupations, especially information technology.

One recent development in the classification field is the use of broadbanding, introduced to state governments from the private sector. Under broadbanding, a

state typically pares away many salary grades and ranges, collapsing them into fewer or broader and more inclusive classes of positions. The most common reason for adopting this practice, usually applied to both classification and compensation, is to complement the move to a flatter organization. Other reasons are to encourage a broadly skilled workforce, support a new culture or climate, support career development opportunities, reduce salary administration efforts and costs, and minimize job analysis and evaluation costs. Recently, many states considered reducing the number of job classes through broadbanding or similar methods that allow managers the flexibility to manage personnel. In 1995, for example, California attempted to reduce its largest group of job classes by 75 percent, and the governor directed the State Personnel Board to reduce the 1,617 classes with five or fewer employees (California Governor's Office, 1996). Texas tried to delete 422 job classes, create 47 new classes, change the titles of 215 classes, and reallocate 41 classes. In addition, the state was planning to consolidate most agency-specific classes or to rewrite job descriptions so that each class can be used by all agencies as appropriate (Texas Office of the State Auditor, 1996).

Florida implemented a broadbanding classification and compensation system in July 2002. The previous system, developed during the 1960s, was criticized as being either too narrow or too wide to be meaningful and was blamed for its inability to allow management flexibility and to accommodate change. The new system was designed to deal better with "the challenges of increased demand for government services with ongoing technological advancements, and the need to continually improve organizational effectiveness to better serve its citizens" (Henderson, 2002). Legislation passed by the Florida Legislature in 2001 called for totally restructuring the state's classification system, limited the number of occupational groups to fifty, provided for a maximum of six classification levels for each occupation in the occupational group, and set a limit of three hundred job classification levels (Florida Department of Management Services, 2001). The specific goals of the broadbanding system in Florida include significantly reducing the need to reclassify positions due to work assignment and organizational changes by decreasing the number of classification changes required; establishing broad-based classes that allow flexibility in organizational structure and reduce the levels of supervisory classes; emphasizing pay administration and job-performance evaluation by management rather than use of the classification system to award salary increases; and containing provisions to allow managers the flexibility to move employees through the pay ranges and provide for salary increase additives and lump-sum bonuses. Using the federal Standard Occupational Classification system as the structural foundation, the more than 3,300 classes in the Florida state government were consolidated into 23 job families, 38 occupational groups, 228 occupations, and 144 broadband levels.

## PRIVATIZATION AND CIVIL SERVICE REFORM

In 2002, Florida signed a seven-year, \$280 million contract with a private firm to provide selected human resource services. Initially called the Human Resource Outsourcing Project, Florida's People First initiative was designed to create "a smaller, more effective, more efficient government that fully harnesses the power of technology" (Florida Department of Management Services, 2001). The contractor provides services for state employees, including staffing (tools and services for recruitment and selection), human resource administration (workforce data management, human resource learning, performance management), payroll preparation (recording time and attendance, leave requests), and benefits administration (open enrollment and general benefits administration). By leveraging the contractor's service delivery expertise, resources, and technology, Governor Jeb Bush maintains that the state can expand and improve the human resource services state employees receive while saving Florida taxpayers \$80 million during the contract period. Florida is one of many states that has used or is considering the use of private companies to provide personnel services, but no other states have outsourced as many personnel functions as Florida.

However, it is important to note that privatization has been more widely used for other state services in recent years. According to the 2002 survey by the Council of State Governments (Chi, 2004), most state agencies used contractors as a cost-saving tool to provide selected functions and services. Only one of the thirty-eight state budget directors who responded to the survey reported a decrease in privatization activities in his state over the five-year period 1997–2002. The survey also indicated a continuing trend toward contracting out additional functions when state agencies lack expertise, need quick results, or want to save money on a short-term basis.

Privatization initiatives in many states have encountered various challenges and hurdles. To implement such initiatives, for instance, constitutional provisions had to be modified in some states, while in other states, legal restrictions had to be lifted by legislative measures. In many states, civil services systems have been blamed as barriers to privatization. The trend appears to be toward continued or greater privatization, and several states are lifting such barriers. To cite just a few examples, the Little Hoover Commission (1995) in California found that state agency managers were constrained from contracting out due to the "overly protective civil service system" and proposed a constitutional amendment to expand privatization because the state "needs to find more cost-effective ways of doing business" (p. 57). The final report of the Colorado Governor's Commission on Civil Service Reform (2003) pointed out the silence of the state constitution concerning privatization and recommended that a constitutional amendment authorize contracting out certain functions even though they had

been performed exclusively by state employees in the past. The report stated, "Done properly, contracting has proven to be a valuable tool for state government in delivering more cost-efficient and effective services to the public" (p. 25). And the aforementioned civil service reform measure in Washington promotes competitive contracting for services that have been historically provided by state merit employees. The law requires the Department of Personnel to work with the General Administration Department in developing training for employee business units related to the bidding process.

One of the most difficult issues personnel executives have dealt with in privatization has been employee displacement. As might be expected, the strongest resistance to privatization usually comes from employee unions and from individuals whose jobs are affected. In fact, employees in several states filed lawsuits against their governments to oppose privatization. In the past, agency directors in some states have addressed such employee concerns by transferring personnel within state governments, allowing them to compete with private vendors, or consulting with employee organizations. They have also adopted measures to deal with employees affected by privatization by requiring that private contractors be given preferential treatment in hiring, offering enhanced severance packages, or allowing an early retirement option (Chi, Arnold, and Perkins, 2003a).

## WORKFORCE PLANNING

The total number of full-time state employees (excluding those in education) has been on the gradual increase over the past three decades, from 1.5 million in 1970 to 2.0 million in 1980, 2.4 million in 1990, and 2.5 million in 2000. Today, the full-time worker in a typical state is white, is forty-three years old, and has ten years of service in the state government. Approximately half of all state employees are males, but in some states, including Missouri, New Jersey, and Texas, females outnumber male workers. In most states, more than 40 percent of state full-time workers have served less than five years for their state. The percentage of minorities among state employees varies, ranging from less than 8 percent in Kentucky to 46 percent in Texas. In North Carolina, 29 percent of state workers are African American. In 2002, the average annual salary for state workers ranged from \$32,000 in Texas to \$47,000 in New Jersey and was on average 10 to 20 percent below the private sector labor market. Approximately 70 percent of full-time state employees are classified employees across the states.

State personnel executives are likely to face a workforce shortage in state governments. Some human resource management organizations call it a crisis (Stewart and Young, 2003). An annual report prepared by the director of the

Bureau of Human Resources in Maine reported, “Our workforce is aging. ‘Baby boomers’ make up 50 percent of our workforce. One third of our workforce is age 51 or older. Large-scale turnover in the form of retirements is just a few years away. Nearly 30 percent of our workforce will be eligible to retire within five years, and over 50 percent of our managers will be eligible to retire in the same period” (Maine Bureau of Human Resources, 2002). A recent joint study by the CSG and NASPE (Carroll and Moss, 2002) estimated that state governments could lose at least 30 percent of their employees in the next few years due to the growing rate of employee retirement, the composition of current workforce with less trained workers and worsened state budget problems. A severe worker shortage is expected in ten states in the next ten years: Iowa, Kansas, Montana, North Dakota, New Jersey, New York, Oklahoma, Pennsylvania, Rhode Island, and Washington (Carroll and Moss, 2002).

To meet the impending workforce shortage, several states have initiated innovative approaches, including the implementation of different recruitment methods, filling vacant positions with retired state employees, and reforming classification and compensation systems. For example, Maine’s plan calls for strategically planning for human resource needs of the future and developing effective programs to recruit and retain people to meet those needs; marketing state government as an honorable career and as a great place to work; enhancing marketing of the “total rewards” for working for state government; promoting preventive health measures for employees and their dependents; educating all employees and managers to recognize the value that diversity brings to the workforce; being flexible in the benefits packages; exploring non-traditional labor markets; and accepting all changes collaboratively with agencies employees and employee labor unions (Maine Bureau of Human Resources, 2002).

States need to define their strategic visions for human resource management for the twenty-first century. Some states, including Minnesota and California, began to develop such strategic plans more than a decade ago. In 1993, the Minnesota Commission on Reform and Efficiency set the state vision for the civil service system, defining a system that is outcome-based, customer-oriented, simple, and user friendly while also being strategic, proactive, and change-based. The vision describes an ideal human resource management system that reflects community values and that “encourages quality employers with creative optional workforce development and increased effectiveness of statewide management teams” (p. 6). According to California’s vision, “The ideal system would allow managers to hire the best and brightest quickly; train, retain and motivate the workforce; compensate fairly by rewarding merit; empower the workforce to apply their skills in ways that support the mission of their department; empower managers to reward high performance and to discipline or remove under-performance; and train employees for the challenges of competitive government” (California Governor’s Office, 1996, p. 60).

To implement successful civil service reform, it is imperative that governors and legislative leaders walk their talk. They must overcome political pressure to rout the status quo from all quarters, including state employee unions. They must tackle the obstacles to change encountered by state personnel executives, including budget problems, reluctance to change on the part of agency managers, and unions concerns and opposition. Without total leadership commitment, neither ongoing civil service reform efforts nor alternatives to traditional state management approaches can be successfully implemented. Without the necessary financial resources, state managers cannot give the needed higher priority to human resource management.

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## PART TWO



# THE PUBLIC SECTOR WORKFORCE

*How can a public service which is neutral in political matters and which is protected be responsive to a public which expresses its wishes through the machinery of elections, political parties, and interest groups?*

—Frederick J. Mosher, *Democracy in the Public Service*\*

Part Two concerns staffing and managing the ever-evolving public sector workforce, the linchpin in effective democratic governance. In Chapter Five, “Staffing the Bureaucracy: Employee Recruitment and Selection,” Steven W. Hays and Jessica E. Sowa recognize the importance of a proactive recruitment and selection strategy for government organizations. “Because any organization’s performance is largely dependent on the quality of its workers, those that do an effective job of managing . . . entry functions are clearly the better for it. . . . Managers can save large amounts of time, energy, and aggravation by placing the right person in the right position.” Hays and Sowa note that government organizations have often neglected recruitment and selection activities, with detrimental effects. Realizing the influence that recruitment and selection can have on government performance, the authors state that “the application of user-friendly staffing practices is seen as a quick and efficient means of improving government performance. For this reason, public jurisdictions throughout the nation are sponsoring a virtual revolution in the ways that their civil service systems attract, test, interview, and select public managers.”

James R. Thompson and Sharon H. Mastracci in Chapter Six, “Toward a More Flexible Public Workforce: Issues and Implications,” discuss the impact of non-standard work arrangements in the public sector workforce. Part-time, seasonal,

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\*Mosher, F. J. *Democracy and the Public Service*, 2nd ed. Oxford: Oxford University Press, 1982, p. 70. Reprinted with permission.

contract, and temporary workers can “help agency personnel offer opportunities to efficiently accommodate fluctuations in the demand for government services while simultaneously expanding the pool of workers from which agencies can draw.” Although these alternative employment arrangements can be beneficial to workers and agencies alike, the authors express some concern regarding the potential for abuse of such employment arrangements.

Responding to affirmative action and equal employment opportunities, public organizations are becoming increasingly diverse. In Chapter Seven, “Valuing Diversity: The Changing Workplace,” Mary E. Guy and Meredith A. Newman trace the history and probable future of including women, minorities, persons with disabilities, and Generation X and Y workers in the workplace. They discuss the legal and social impacts of such inclusiveness and conclude with specific examples of how the “human resource manager can help create a work climate receptive to and respectful of diversity.” The authors state that “diversity does not have to be a zero-sum game in which one side wins and one side loses. Rather, it represents a gradual loosening of the old ways of doing things and a move toward greater involvement of all segments of the population.”

Jonathan P. West builds on Guy and Newman’s theme of inclusion in Chapter Eight, “Managing an Aging Workforce: Trends, Issues, and Strategies.” Using three case studies, West charts the effects of demographic changes in the population and the effects of economic restructuring. Debunking myths associated with older workers, he outlines managerial strategies for successfully incorporating these workers in the current public sector work environment.

In Chapter Nine, “Using Technology in the Workplace,” David H. Coursey and Samuel M. McCreary outline myriad changes that technological advances have thrust on the public sector workforce, workplace, and human resource management. From telecommuting, Internet recruitment, and Web-based employee record maintenance to integrated payroll and human resource systems, technological advances continue to shape the way we work in organizations, and the authors note the many ways in which human resource management systems can be used in this effort.

In Chapter Ten, “Using Volunteers in the Workplace,” Jeffrey L. Brudney describes the potential benefits and drawbacks of using volunteers in public organizations. Following an examination of the current scope of volunteerism at various government levels, Brudney discusses the need to set reasonable expectations for volunteer involvement in the public sector, drawing on specific advantages and disadvantages realized by various government-based volunteer programs. He also provides practical advice to human resource managers who are establishing or managing volunteer programs, including how to prepare the organization to accept volunteers, integrate volunteers into program activities, prepare job descriptions for volunteer positions, and develop strategies for volunteer recruitment.



# Staffing the Bureaucracy

## *Employee Recruitment and Selection*

Steven W. Hays  
Jessica E. Sowa

The processes by which suitable candidates for jobs are attracted and screened are referred to as *recruitment* and *selection*. Because any organization's performance is largely dependent on the quality of its workers, those that do an effective job of managing these "entry" functions are clearly the better for it. Although training and intensive supervision can transform some undesirable employees, hiring individuals who are already capable and enthusiastic is clearly preferable. Managers can save large amounts of time, energy, and aggravation by placing the right person in the right position. Among the probable benefits of a proper match of employee abilities to particular work requirements are enhanced job satisfaction, greater productivity, lower turnover, and a smaller number of "problem employees" (Vroom, 1964).

Successful recruitment and selection depend on an adequate supply of competent or educable workers, an effective information network that reaches the appropriate population of prospective employees, a sufficiently attractive organizational environment to entice the desired job candidates, a clear sense of organizational priorities, and a reliable means of choosing the applicants who are the most highly qualified. These are daunting challenges even under the best of circumstances, but they are especially problematic in the contemporary public setting.

Since the mid-1980s, a succession of reform groups, study commissions, and researchers has warned that government is losing its ability to attract and retain

talented young workers. Part of the problem can be traced to the changing composition of the labor pool. Workforce 2000 (Johnston and Packer, 1987), Civil Service 2000 (Johnston, 1988), and related studies (General Accounting Office, 1994, p. 3) accurately predicted that government confronts a “slowly emerging crisis of competence” due to a decline in the quality of new hires. The public sector’s need for highly skilled workers continually increases, just as the supply of such workers diminishes. Other commentators, meanwhile, argue that the declining pay and prestige of public employment are to blame for government’s recruitment “crisis” (Rosen, 1986; National Commission on the Public Service, 1989; Thompson, 1993). Years of “bashing the bureaucrat,” stingy legislatures, and employee cut-backs have resulted in an inhospitable work environment that discourages job applicants. Survey results generally confirm these fears, as evidenced by reports that “government is not perceived as an ‘employer of choice’ among college graduates” (U.S. Merit Systems Protection Board, 1988, p. 2) and that “fewer than 15% of recently interviewed senior executives would recommend public employment to their children” (Carnevale and Housel, 1989, p. 249).

These problems are further exacerbated by the pending retirement of the baby boomers, who comprise the vast majority of the senior civil service. By 2010, a large percentage of the most experienced and knowledgeable public workers will have left the government, greatly adding to the dilemma of finding suitable replacements and of reenergizing the public workforce. For instance, roughly half the federal workforce will be eligible for retirement by 2005 (Voinovich, 2001). The Office of Personnel Management (OPM) estimates that much of the attrition will occur in critical areas such as acquisition (18 percent turnover), financial management (18 percent), information technology (17 percent), and science and engineering (16 percent) (Millick and Smith, 2002). The outlook for state and local governments is equally gloomy. Fully 47 percent of those jurisdictions’ employees were eligible to retire by 2002 (Roberts, 2003). Based on past employment trends, about 45 percent of those who are eligible to retire will do so immediately upon reaching the eligibility threshold (Lewis and Frank, 2002).

Although dire predictions about the impending doom of the public service are by no means universal (Lewis, 1991; Mishel and Teixeira, 1991), considerable quantities of empirical and anecdotal evidence support the notion that government is an ineffective recruiter and judge of talent. For this reason, the intake functions of public agencies have recently become prime targets for reform. Many of the suggestions included in the reinventing government literature, for instance, are aimed squarely at public personnel systems generally, and recruitment and selection activities specifically (National Commission on the State and Local Public Service, 1993). The application of user-friendly staffing practices is seen as a quick and efficient means of improving government performance. For this reason, public jurisdictions throughout the nation are sponsoring a virtual

revolution in the ways that their civil service systems attract, test, interview, and select public managers.

The primary purpose of this chapter is to describe the specific techniques and procedures that are used to staff public agencies. A significant portion of the discussion focuses on the changes that are now taking place in response to the crisis that has just been mentioned. Before commencing with the review of staffing innovations, however, a brief summary of conditions that prevailed for much of the past century will help place the current reforms in a more understandable context.

## THE MERITLESS SYSTEM: PAST AS PROLOGUE

Perhaps the most famous quote ever uttered about public personnel management (in recent years also known as human resource management, or HRM) is Wallace Sayre's characterization of merit systems as "the triumph of technique over purpose" (1948). The central point of Sayre's remark was that personnel managers were so preoccupied with applying volumes of picky rules and regulations that they neglected (or even impeded) important organizational objectives. Specific insights into this problem were provided in Savas and Ginsburg's celebrated characterization of the civil service as the "meritless system" (1973). Their description of New York City's personnel system revealed large numbers of arbitrary screening procedures. Potential applicants, for example, would not be considered for any opening unless they identified the exact position for which they were applying. Moreover, if a given number of applications were not received for an advertised opening, by law the job had to be readvertised, and the individuals who responded to the first announcement were compelled to reapply. Similar conditions prevailed in most large jurisdictions, leading one study commission to conclude that the "slow, unimaginative, and unaggressive" entry practices of merit systems ought to be scrapped altogether (Committee on Economic Development, 1978, p. 45).

Although these strident criticisms of public personnel systems are somewhat anachronistic, they still contain a grain of truth. In contrast to the private employment sector, where the hiring process is relatively invisible and unencumbered, government's recruitment and selection activities are often carried out in a complex web of procedural requirements, many of which occur in a fishbowl of public scrutiny. This situation reflects the undeniable fact that the means by which citizens acquire government jobs are of considerable concern in the broader community. Public jobs are considered resources to which everyone has a potential claim. Government's staffing function, therefore, must be performed in a manner that is acceptable to the community. In most public jurisdictions, this typically means that intake functions

are more formalistic and tightly regulated (at least in theory) than would be acceptable in any corporate setting.

### Historical Antecedents

Much of the formalism that envelops government staffing practices has roots in public personnel administration's early history. The events leading up to the passage of the Pendleton Act (1883), which created the nation's original merit system, are widely known. For the first few decades after the nation's founding, the halls of bureaucracy (such as it was) were staffed by individuals selected on the basis of "fitness of character." As a by-product of our nation's British heritage, the essential selection criteria consisted of family background, educational attainment, and reputation in the community. In effect, this meant that most civil servants were from society's upper crust.

By the 1830s, the decidedly blue-blooded nature of government workers had become an irritant among the growing legions of farmers, small merchants, and laborers. Andrew Jackson gave voice to the "common man's" frustration and successfully campaigned against the elitist bureaucracy. By introducing the *spoils system*, he engineered a peaceful revolution that broadened government's base of support among the populace and in a sense restored democracy's balance. By parceling government jobs out to political supporters and by introducing the custom of *rotation in office* (with each election, a new crop of civil servants would be employed), the spoils system fostered the growth of political parties and exposed large percentages of the citizenry to public service.

Between the 1840s and 1880s, however, the more infamous traits of the spoils system gradually emerged. With almost no means of regulating or monitoring the qualifications of its workforce, governments at all levels increasingly fell victim to pervasive incompetence and corruption. Large numbers of clerical workers could neither read nor write, and many employees never even showed up at their places of employment because their paychecks were simply forwarded to their homes. Meanwhile, bribery, kickbacks to contractors, fraud, and the buying and selling of public positions were commonplace. In this milieu, the public began to "associate public administration with politics and incompetence" (Mosher, 1968, p. 63).

This negative perception of the civil service received a huge boost in 1881 when President James Garfield was assassinated by a disappointed office seeker. Because the assassin's imputed motive was to catapult Vice President Chester Arthur, a noted supporter of spoils politics, into the presidency, spoils quickly became "equated with murder" (Shafritz, 1975, p. 22). Thereafter, the civil service reform movement assumed the mantle of a moral crusade.

The most enduring legacy of this chapter in American history was a century long effort to *insulate* and *neutralize* the civil service from political influences.



Politics and public administration were viewed as evil, so the shortest path to reform was to eliminate the politicians' role in public appointments.

To accomplish this feat, the reformers crafted personnel systems that had two defining features. First, in order to "lock the front door" (that is, to prevent politicians from dictating who would receive government jobs), *competitive examinations* became the norm (Van Riper, 1958). From the start, these exams were based on practical (job-related) knowledge, instead of on scholarly or theoretical essays linked to academic achievement. Through this selection strategy, the system designers intended to maintain a civil service that is open to all Americans, not just those who are privileged enough to receive university educations (as was the practice in England). And although test scores were the primary consideration in appointment, the reformers also honored some selection traditions. Preferential treatment for war veterans, for instance, had been an accepted practice since George Washington's era. Also borrowed from earlier times was the norm of using public jobs as a form of welfare (Presidents Washington and Jefferson handed jobs out to the old and infirm) and the allocation of positions on a geographical basis (to ensure that no region of the country was cheated). Thus although selection decisions were grounded in *merit* considerations, as reflected in the applicants' test scores, certain concessions to the older practices were evident from the very beginning. One additional concession that also dates back to the pre-Pendleton Act era is the *rule of three*, which stipulates that candidates for positions be selected from a list of the top three scorers on the civil service exam. The intent is to give the appointing official a degree of discretion in hiring, rather than to compel the employment of whoever scores highest on the entry examination.

The second feature, the *civil service commission*, was initially created to ensure a fair and impartial administration of the testing program. Composed of bipartisan appointees, commissions quickly sprang up in every state and in most large cities. Although their duties varied, they were typically responsible for all policymaking activities, and many assumed functional control over the day-to-day operations of their personnel systems.

As the science of personnel administration progressed, additional ornaments were hung on the civil service system's family tree. Technical "advances" during the era of scientific management led to job classification, job analysis, much more detailed examination protocols, and quantitative forms of performance evaluation. With each innovation, the civil service commissions further expanded their supervisory and monitoring roles over public personnel management. Serving as the civil service systems' "policemen," the commissions took particular interest in promoting the goal of political neutrality. By propagating large numbers of procedures and safeguards aimed at insulating the civil service from corrupting influences and by adjudicating grievances lodged by civil

servants against their bosses (thereby “closing the back door”), the commissions built personnel systems that were unwieldy, rule-bound, and unresponsive to organizational requirements (Van Riper, 1958).

### Contemporary Reforms

Given their well-deserved reputation for rigidity and inefficiency, it is not surprising that efforts to reform public sector staffing practices commenced as early as 1905. In that year, the Keep Committee issued the first systematic recommendations concerning the need to make government’s recruitment and selection efforts more positive. Recognizing the flaws in a staffing system that was obsessed with the negative (that is, keeping political influences out of the civil service), the committee lobbied for a more proactive posture. Instead of its limited and reactive role in acquiring human resources, the recommendations suggested that governments engage in aggressive outreach programs designed to entice talented applicants into the bureaucracy. No less than ten national reform commissions, and untold numbers of state and local study groups, have echoed this sentiment during the intervening years.

By the beginning of the twenty-first century, important facets of the public sector staffing environment had been transformed. Civil service commissions were, for the most part, distant memories. Except for a few state and local examples, the commissions had been abolished and replaced with *executive personnel systems* under which the jurisdictions’ chief executives control the personnel function through a direct chain of command. No longer did public managers have the intrusive commissions looking over their shoulders and second-guessing their personnel decisions. Another decisive change occurred in 1964, when the Civil Rights Act introduced a critical new value—*social equity*—into the employee selection process. The advent of equal employment opportunity (EEO) and affirmative action eventually forced the personnel profession to reevaluate its cherished techniques. Recruitment and selection practices, in particular, suffered from the scrutiny and thereby required major changes. The validation of civil service entry requirements and examinations, coupled with concerted efforts to open the personnel system to the chronically underrepresented, highlights the changes that have been occurring over the past four decades.

Despite making considerable progress over the years, some merit systems continue to exhibit the negative traits that have been attracting criticism for over a century. Civil service commissions may have disappeared, but their defensive approach to the staffing function has infected some of their successors, centralized offices of human resources (OHRs). Unable to overcome the legacy of insulation and strict neutrality, personnel departments sometimes acquire a reputation for inflexibility and insensitivity to the needs of line managers (Cawsey, 1980). Instead of being encouraged by user-friendly application procedures, prospective employees are required to jump through a succession of procedural

hoops that deter all but the most determined or the most desperate. Moreover, civil service systems have been notoriously difficult to access; applicants often experience difficulties in figuring out what jobs are available or how to apply when they are lucky enough to identify a vacancy (Ingraham, 1990).

With the meteoric rise of the reinventing government phenomenon, the traditional ways of conducting the public staffing function are on the wane. Pressures for reform have been so intense, and the chorus of reform voices so loud, that fundamental changes in civil service recruitment and selection strategies are becoming almost routine. In general, the reforms share three common elements. First, there is a strong trend toward the *decentralization* of staffing activities. To the extent feasible, line managers are being provided with greater influence over recruitment and selection efforts. Second, government appears to be making a sincere effort to *simplify* and *invigorate* intake functions. More energy is being spent on “selling” public agencies to prospective workers and on easing their passage into the workforce through the use of information technology and related innovations. Finally, personnel offices are beginning to demonstrate an unaccustomed willingness to *experiment* with new staffing strategies. For these reasons, the study of government’s recruitment and selection practices has seldom been more interesting or exciting.

## THE STAFFING PROCESS: A PRIMER

Before turning to the specific techniques that are used to recruit and select civil servants, a short overview of the merit system *realpolitik* will help qualify and crystallize later material. The first truism that any student of HRM must appreciate is that enormous diversity prevails in the types of staffing systems that are present in differing jurisdictions. As a general rule, the larger the jurisdiction or agency, the more formal and sophisticated the personnel system will be. And because a large percentage of the more than eighty thousand public jurisdictions in the United States are quite small, much HRM is conducted very informally. A widely used rule of thumb is that an organization needs to have at least two hundred employees to warrant the hiring of a single full-time personnel manager. Therefore, much of what passes for “personnel management” in small towns and rural counties is performed on a part-time basis by a city clerk, assistant city manager, or other official. Often these individuals lack any task-specific training in HRM. As a result, the staffing function sometimes consists of little more than a few personnel files in someone’s desk drawer. In this type of setting, recruitment and selection activities are probably conducted in an *ad hoc* manner. Candidates may be identified largely through referrals from incumbent employees (a practice that, ironically, is highly regarded in the private sector); if tests are administered for selection purposes, they are likely to have been “imported” from

other jurisdictions or purchased from examination-writing companies. In-house programs to validate tests or to run credible recruitment campaigns will generally be quite rare in such settings (see Graham and Hays, 1993).

At the opposite end of the continuum are the full-blown merit systems that function in most states and large cities. Personnel practices vary tremendously in these systems as well, but the one likely constant is that they will employ a much higher level of formality in their entry procedures. Specific rules govern such topics as the method and duration of job postings, the entry qualifications for different classes of positions, and the selection protocol (for example, what tests will be required of applicants, how many must be interviewed for each position, and what level of preference will be given to candidates from within the organization).

Another phenomenon that tends to recur in formal merit systems is the availability of different hiring strategies, depending on the type of worker being sought. For positions that exist systemwide, such as clerks or secretaries, *centralized certification* may be the favored strategy. This usually means that candidates are screened through a central point of entry. The city's OHR, for instance, will recruit and test applicants; those who are deemed qualified are referred to as "eligible" or "certified." Their names are entered on a central roster that is termed the *job register* or the *eligibility list*. Upon hearing from an agency that a vacancy exists, the central office will then refer a given number of eligibles. Whereas the rule of three once governed this referral process, selection pools in most locations have been expanded through the adoption of a rule of ten or even a rule of twenty. Next, the applicants are interviewed by the managers who will make the final hiring decision.

For positions that exist primarily in one agency, such as police officers or air traffic controllers, *delegated examining* is often used. Here the OHR delegates authority to the agency to recruit and screen applicants, subject to certain guidelines. Under an even more decentralized strategy, the agency or department is given authority to receive applications directly, to examine qualifications, and to make selections. This *direct hire* format is most often used in situations involving difficult-to-find personnel, such as nurses and engineers. In recent years, however, direct hiring has become much more common in the recruitment of all types of employees because of its perceived speed and efficiency (General Accounting Office, 1999).

Simple or sophisticated, public personnel systems also differ in two other critical ways. The extent to which they are centralized or decentralized exerts a major influence on how they function internally. Under the most *centralized* format, the role of line managers in recruitment and selection is highly restricted. Except for making the final determination after the interview phase, the central OHR handles all or most of the technical aspects of the process (position definition, advertising, preliminary screening, testing). In a *decentralized*

framework, in contrast, line managers are responsible for writing the position description, specifying qualifications (subject to certain guidelines), and perhaps even determining how the opening will be advertised. The OHR's role under this arrangement is simply to provide technical assistance (for example, to design newspaper announcements) and to ensure that the hiring process is conducted in conformity with legal requirements.

The final operational difference among public personnel systems is the extent to which they try to adhere to the merit principle. The motto of the merit system, "The best shall serve," does not always apply. Despite all the effort that has been expended to eradicate political and personal factors from public staffing practices, many civil servants continue to enter and progress on the basis of "It's not *what* you know but *who* you know." Crass political motives, however, are not the primary issue. Thanks to U.S. Supreme Court decisions, politically motivated appointments and other dubious personnel actions are illegal in most circumstances (see, especially, *Elrod v. Burns*, 427 U.S. 347, 1976, and *Rutan v. Republican Party of Illinois*, 455 U.S. 507, 1980). Although they no doubt still occur, the far more common scenario is for public managers to circumvent merit system procedures in the pursuit of other objectives.

Where tedious requirements inhibit staffing flexibility, managers have a strong (and many believe justifiable) incentive to expedite matters by ignoring merit system rules. Rigid job-posting guidelines or certification standards can simply be ignored, provided that the personnel officials are not too attentive or concerned. Or if a replacement is needed very quickly, a favored strategy is to hire someone into a temporary position because such jobs are almost always exempt from competitive requirements. Meanwhile, civil servants who are intent on giving friends or acquaintances a needed boost can avail themselves of many time-honored strategies. As Jay Shafritz (1974) explains, some public managers will pressure their personnel offices to "reduce the qualifications for a specific position, or to lower the pass point on an entry exam" (p. 487). Alternatively, the position may be redesigned with the favored applicant in mind. In a process called *creative position description*, a list of job requirements is drawn up that effectively excludes other applicants. Or for candidates who have already been certified as eligible but who are not included on the interview short list, *waiting out the register* can be attempted. This is accomplished by waiting patiently until everyone above the preferred candidate has either dropped off the register or been selected for another position, at which time the manager announces the vacancy.

In summary, public personnel systems come in an amazing assortment of shapes, sizes, and operating philosophies. What one reads in the jurisdiction's personnel manual often bears little resemblance to what is actually taking place in the public management trenches. These are useful lessons to keep in mind as the various means of recruitment and selection are described.

## THE RECRUITMENT PROCESS

The central task of recruitment is to “generate a sufficient pool of applicants to ensure that there are enough people available with the necessary skills and requirements to fill positions as they arise” (Hamman and Desai, 1995, p. 90). Despite its obvious importance to the success of any organization, government has a poor track record as an effective recruiter. As has been noted, many public recruitment programs are either highly reactive or completely passive. Agencies often tend to “satisfice” (to take the first available candidate who meets minimum qualifications) or to invest very few resources in the effort. A startling example of this problem is evident in an Office of Personnel Management report “that nearly half of the federal agencies have no budget for recruiting” (Ingraham, 1990, p. 13).

In addition to its often haphazard approach to recruitment, government’s ability to compete for needed human resources has been compromised by forces beyond the control of individual public managers. Inadequate salaries, the public service’s poor public image, and uncompetitive “quality of work life” considerations discourage many applicants. At a time when most corporations offer a large variety of family-friendly niceties (such as free child care and generous “cafeteria” benefit plans), financial exigencies have forced many public jurisdictions to reduce job perquisites (“perks”). These problems were especially pronounced in the early 2000s, when most state governments ran huge deficits, a condition that meant that employee raises were infrequent, and fringe benefit packages became less appealing. Further compounding these recruitment dilemmas are such potential pitfalls as obsolete job classifications and complicated application procedures.

Obviously, a passive approach to the recruitment challenge will not suffice in this context. To attract talented workers, public agencies need to be thoughtful, aggressive, and innovative.

### Preliminary Considerations

Effective managers shouldn’t ordinarily be surprised by a vacancy. If they have been attentive, and if the human resource planning system is functioning at a reasonable level, most turnover can be anticipated. With adequate warning, the recruitment process can begin even before critical employees vacate their posts. Truly forward-thinking managers often maintain a list of talented individuals who might be lured away from their existing jobs if presented with a sufficiently appealing offer.

In addition to gaining budgetary approval to initiate a search for either new or replacement positions, the next task facing the manager is that of *position definition*. With adequate planning and foresight, this decision represents a valuable opportunity to the organization. The departure of an incumbent can

prompt a needed reassessment of the vacated position and may lead to a reclassification or other significant redefinition of the job's scope and content. Organizations that have concise strategic plans, for instance, may want to use the vacancy to launch a new program, or they may decide to cannibalize the slot to meet more than one need (for example, they might hire two workers under a job-sharing arrangement). The critical consideration is that managers need to be cognizant of the *recruitment stereotyping syndrome*. In the absence of a clear sense of purpose, or in their haste to hire a replacement, agencies frequently seek someone who is "just like" the original employee. As a result, the only noticeable change is a new nameplate on the office door.

### Inside or Outside?

Another critical consideration early in any search process is the *inside or outside dilemma*. Should the organization give preference to internal candidates, intentionally seek an outsider (a process termed *lateral entry*), or declare an open search in which all candidates will be given an equal chance to compete?

There is no correct answer to this question. Most organizations have a strong tendency to favor internal candidates over external ones, regardless of their relative qualifications. This predisposition is easily understandable, given the realities of organizational life. Elevating internal candidates maintains the morale of the other workers by supporting the belief that through dedicated service, they too will be rewarded with promotions. And since any promotion will set off a ripple effect in which other workers move up their respective career ladders, a large number of employees can be pleased with just one vacancy. Other arguments for internal recruitment include the facts that it is cheaper (there are fewer costs associated with advertising and travel for applicants), quicker (the candidates are already present), and safer (the personal quirks of internal candidates are already known, eliminating the risk inherent in hiring an outsider).

Although compelling, these reasons are countered by certain important advantages of lateral entry. If an agency has not been performing up to expectations or if major changes are in the offing, the new blood provided by an external hire can be helpful. Organizations that are well managed and have a clear set of priorities are more likely to make a reasoned judgment about the relative merits of internal versus external candidates. If there is no clearly superior internal candidate, lateral entry can provide an escape from the bruised pride and charges of favoritism that may accompany the decision to promote a particular individual from within.

The inside or outside dilemma is tempered somewhat by the requirement in many merit systems that *all* applicants be considered. Recruitment is technically an open process that does not exclude anyone. It is widely known, however, that public agencies commonly make no real effort to attract outside applicants. Many selections have already been made before the job announcements are written or the vacancies advertised. This situation is exceedingly



irritating to outside candidates who, until they realize what is happening, repeatedly apply for positions for which they are never seriously considered.

The difficulties encountered in reconciling the inside or outside dilemma can be reduced if an effective HRM planning program is operational. Where this is the case, a staffing inventory will have been conducted before a vacancy occurs. This is accomplished by assessing the skills, abilities, and qualities of the current workforce, comparing them to anticipated staffing needs, and deciding if training or other employee-development strategies are needed to enhance the promotional potential of particular candidates. A less sophisticated strategy is often employed by executives who are new to an organization but who wish to gain a quick sense of recruitment priorities. They will ask all employees to generate lists of their most significant accomplishments during the past one hundred days; these lists will then be compared to agency mission and objective statements in order to determine if important tasks are not being fulfilled. Where gaps exist, recruitment priorities result.

### Position Announcements

Depending on how the preliminary issues are addressed (inside or outside, re-define position or clone the departing worker), the next step is to draw up a position announcement for advertising purposes. Ordinarily, the vacant position's job description is used as the centerpiece. Refinements and amendments are often made at this stage to accommodate changing organizational needs. The importance of consulting the individuals who will be working with the new hire cannot be overstated (Ito, 1994). Because coworkers often have the best insights into task assignments and unmet needs, they represent a valuable yet underused source of recruitment information.

Position announcements typically include a description of major duties and responsibilities, a list of the requirements that candidates are expected to meet (*job specifications* or *job qualifications*), and other relevant information such as a brief description of the agency or the employment locale. As alluded to earlier, the design of the position announcement offers a propitious opportunity to downgrade a position that has become overclassified or to upgrade a job that has acquired additional responsibilities. Educational qualifications, in particular, need to be examined carefully because of the past tendency to overqualify many positions. That is, unnecessarily high educational or experience requirements were mandated for relatively menial positions, thereby excluding many candidates who would be capable of handling the requisite tasks.

### Attracting Applicants

Once the job announcement is written, the vacancy must be advertised in a manner consistent with both federal EEO guidelines and relevant policies in the agency and jurisdiction. Most merit systems operate (at least on the surface) ac-



according to the philosophy that employers should cast the widest possible net. In other words, they should advertise in as many locations and outlets as possible in order to attract the greatest number of applicants. Because this is an area in which government recruitment efforts have traditionally been lackadaisical, the search (*attraction*) function is currently a hotbed of experimentation.

**Multiple Points of Entry.** In traditional merit systems, OHRs would ordinarily advertise and test through the centralized certification format described earlier. Systemwide recruitment promoted control but was not very responsive to the needs of individual agencies and departments. There is now a pronounced movement toward *multiple points of entry*. Instead of serving as a focal point for recruitment and selection, central OHRs have delegated these responsibilities to operating units (direct hiring and delegated examining). The practical effect is that standardized entry exams and centralized job registers are giving way to agency-controlled staffing procedures. At a minimum, this means that the agency becomes the source of information about jobs, the locus of decision-making responsibility, and (perhaps) the designer of all screening requirements.

Although most experts applaud this trend, the federal government's experience provides some interesting insights into the pros and cons of the multiple-points-of-entry approach to staffing. Prior to the early 1980s, most mid-level entry into the federal service was through a single-point-of-entry test, the Professional and Administrative Career Examination (PACE). When the PACE was abandoned due to its adverse impact on minority recruitment, no replacement was offered. Instead, individual agencies became responsible for all of their own recruitment and testing activities. After nearly a decade of experience with this decentralized system, the OPM concluded that it was not very effective. Specifically, prospective applicants were having a terrible time finding out how and where to apply for federal jobs. Moreover, they now were compelled to file numerous applications with different agencies, rather than a single inquiry that would be disseminated to all offices that might have a vacancy. Because of these complaints, the OPM reintroduced a centralized entry exam in 1990. The Administrative Careers with America test was intended to replace the PACE, but its introduction proved to be controversial. Many commentators worried about the return to a single-point-of-entry protocol, arguing that it will be slower, less responsive to agency needs, and inflexible (Ingraham, 1990). Information technology has helped ameliorate some of these concerns; clearly, however, there are no absolutes when it comes to recruitment and selection.

**Attraction Innovations.** In addition to experimenting with different point-of-entry strategies, public personnelists have invested considerable energy in upgrading their efforts to attract applicants. For the most part, these initiatives emulate recruitment practices that have long existed in the private sector. The

newly proactive approach to staffing is reflected in the appearance of *marketing plans* in which public agencies tailor recruitment campaigns for specific audiences.

Government's efforts to reach college-educated job candidates are particularly noteworthy. Many state and federal agencies now employ techniques pioneered by Fortune 500 firms. Glossy brochures highlighting the agency's accomplishments, along with an attached employment application, are distributed widely on college campuses. Government recruiters are also much more evident during campus career days, working closely with college placement offices in an attempt to generate interest and to identify promising candidates. And notably, agency recruiters are being provided with special training on how to sell their organizations to applicants. Direct mailings targeted to specific classes of recipients, internship programs, and even television advertising are increasingly evident (Carnevale and Housel, 1989). Other techniques include the creation of training courses to help college placement directors better understand public employment procedures, the development of career directories as a resource guide for persons seeking job information, toll-free telephone lines for applicants to make inquiries about job openings, and much closer coordination with professional associations representing high-demand occupations (Crum, 1990).

Where the government's needs are especially intense (as in the recruitment of some types of engineers and medical professionals), recruiters are empowered to engage in *on-the-spot hiring* (Cole, 1989). One controversial program even allows government recruiters to hire applicants noncompetitively if they merely have a 3.0 college grade point average (Crum, 1990). Some public agencies have begun to follow the private sector practice of paying their employees *bounties* for recruiting needed workers into the organization and *retention bonuses* to workers who extend their employment contracts (Ross, 1990; Hays, 2004). The popular custom in industry of using worker referrals as a major recruitment vehicle is also becoming more common, especially in high-need fields such as nursing, social work, and information technology (Benitez, 1995; Hays, 2004). Some agencies even pay their employees recruitment bonuses for recommending attractive candidates who ultimately accept positions with the agency (Center for the Study of Social Policy, 2002).

One final trend that deserves special attention is the growing tendency of government to *outsource* some of its recruitment and selection functions. Perhaps the most notable example of this phenomenon is present in the newly organized Transportation Security Administration (TSA), which is the entity that is responsible for airport security screeners and related federal workers. Upon its creation, the TSA contracted with CPS Personnel Services, an HRM consulting organization based in Sacramento, California, to conduct all employee recruitment and screening. This is merely symptomatic of a broader movement in which increasing numbers of public agencies ask private firms to take over their

staffing responsibilities. Although most apparent among high-level workers—where “headhunter” firms are used to recruit agency directors, city managers, and other executives—recruitment and selection activities are attractive targets for privatization. Staffing, along with benefits administration and many other aspects of the HRM function, will witness the increasing involvement of private firms as the century unfolds.

### The Role of Information Technology in Recruitment and Selection

Information technology (IT) is pervading the HRM field. Scholars studying HRM have found that the application of IT is now and will continue to be one of the most notable trends in the field (Alcorn, 1997; West and Berman, 2001; Hendrickson, 2003, Singh and Finn, 2003). In many public and private organizations, a movement is under way from traditional HRM to *virtual HRM*, characterized by an emphasis on developing a paperless environment that relies on electronic interactions, using intranets, the World Wide Web, and various software packages to facilitate HRM processes (Elliot and Tevavichulada, 1999; West and Berman, 2001). Therefore, we now turn to the use of IT for recruitment and selection in particular by government agencies in order to explore the prevalence of new information technologies and some of the possible challenges that may arise with the use of these new tools.

Ongoing efforts to make the intake process user-friendly have fueled the widespread application of computer technology. Within most large public organizations, for instance, computer bulletin boards and electronic mail have been used for many years to notify potential applicants about job vacancies. This system of *job posting* is most helpful to internal candidates but is becoming increasingly accessible to outsiders as more citizens go online. In addition to providing applicants with information concerning vacancies, IT is used to help managers identify and track individuals who have qualified for various types of positions. Online access to applicants’ test scores, qualifications, and professional objectives gives managers an expedient way to screen prospective employees. This is indicative of efforts to create a paperless application system in which all entries and updates are made online, thereby eliminating the need for applicants to schedule appointments, incur travel expenses, and deal with the other frustrations of the staffing process. A variation on this theme—the *résumé database*—is also creating quite a stir in public sector recruiting. It involves the creation of nationwide databases of professional credentials that can be used to prescreen thousands of applications simultaneously. These systems have enjoyed explosive growth in the private sector and are projected to become the primary method of recruiting managers in the near future.

Although systematic evidence does not exist concerning the population of government agencies at the federal, state, and local levels employing IT to facilitate

recruitment and selection, recent research suggests that new technologies are indeed affecting these processes in significant ways (West and Berman, 2001; Selden and Jacobson, 2003). Increasingly, the World Wide Web is being used in the recruitment process to expose government jobs to a wider audience and to facilitate access to these positions. For example, at the federal level, the Office of Personnel Management has placed an emphasis on using new technologies to improve the ability of the federal government to attract and select top talent and generally improve the efficiency of HR practices. The OPM administers the USAJobs Web site, the primary Web portal for government employment, which receives about 1.5 million visitors per week, demonstrating that it is an effective way to reach potential government workers (James, 2001). It is not yet clear whether this Web portal has increased the recruitment of top talent for government jobs, but studies have demonstrated the positive impact of the use of Web sites for recruitment in other sectors (Thomas and Ray, 2000; Zall, 2000; Gale, 2001).

Most states, and many large cities and counties, have also established one-stop-shopping Websites for potential job applicants. These tools provide the public with instantaneous notice of job openings, as well as extremely user-friendly ways (such as paperless applications) of placing their credentials in front of government recruiters. Research focusing on subnational jurisdictions has found a pervasive use of the World Wide Web for position advertisement and online applications. In a study examining the performance of state, county, and city governments in HRM, the Government Performance Project (GPP) found that high-performing governments were more technologically sophisticated than their less accomplished counterparts and used technology to improve their performance in such areas as recruitment, selection, training, and benefits (Selden and Jacobson, 2003). West and Berman (2001) examined 222 cities with populations greater than fifty thousand to evaluate the impact of IT on HRM. They found that online recruitment was used in more than two-thirds of the cities that were surveyed and that managers in these cities were quite cognizant of the movement toward using the Internet for recruitment over more traditional avenues of position advertisement and convinced that online recruitment will eventually be the norm for government staffing.

In addition to the use of IT in the recruitment of talented workers, similar trends are being seen in the selection process. Research focused on HRM practices in the states found the use of automated systems that match résumés with skill sets required for particular jobs and the automation of tests to be increasingly common (Selden, Ingraham, and Jacobson, 2001; Selden and Jacobson, 2003). One such system is the Management and Applicant Information Resource System (MAIRS), developed by the state of Missouri, which provides agencies throughout the state with up-to-date online access to applicant information and facilitates the matching of applicants' specialized skills to positions (Selden and

Jacobson, 2003). In addition, software packages are being developed and marketed to HRM managers through professional associations that aid in the automation of the selection process through online examinations, expedited background checks, and a variety of other uses. The application of résumé management software is beginning to be implemented in government agencies over the traditional sorting of job applicants by hand (West and Berman, 2001).

Many HR professionals feel that productivity and efficiency gains result from these innovations. However, this does not imply that there are no challenges associated with automating many traditional HRM functions. As with many innovations that can be adopted by organizations, both public and private, there are costs or concerns associated with the increasing use of IT in recruitment and selection that must be considered alongside the benefits. First, although résumé management and skill-matching software may improve productivity and efficiency, their use may leave some HRM managers feeling disconnected from the recruitment and selection process and from the candidates they select. West and Berman (2001), in studying local governments' use of IT in their HRM processes, found positive but mixed results. Although most managers were quite positive and claimed that their work was made easier through such innovations as automated applicant tracking and screening, job posting on the Internet, and position-classifying software, others expressed caution regarding the possibility of losing the human element of HRM and relying too much on data rather than exploring more human factors.

In addition, as government agencies increasingly automate their HRM functions, attention must be given to ensure that sound policies are in place concerning the privacy and security of employment information transferred or analyzed through electronic or virtual HRM portals. Taking proactive steps to think through the legal ramifications of automating or making such HRM functions as recruitment and selection more virtual may save government agencies from some major problems in the future. Finally, while the infusion of new information technology appears to be increasing and providing some concrete benefits, managers in government agencies must devote their attention to ensuring that current employees have the appropriate skills to make full and proper use of these innovations. If adequate training, in conjunction with efforts to convince staff of the benefits of IT in these crucial HRM functions, is not provided, the use of these technologies may complicate the recruitment and selection process rather than improve it. Perhaps for this reason, state and local governments are acquiring a reputation for leadership in "e-learning" initiatives, by which all classes of workers—HRM along with other line and staff employees—receive concentrated doses of IT training as an integral part of the agencies' employee development programs (Wilson, 2004).

In summary, government's desire to attract good workers to the bureaucracy has occasioned a significant revision in traditional modes of operation. Although

many public agencies still have a long way to go, recruitment has become more proactive and more innovative than even five or ten years ago. To the extent that government agencies continue to import private sector techniques and IT applications, their recruitment efforts are likely to experience growing success. The potential cost of this increased managerial flexibility is, of course, diminished centralized control that could lead to more politicization or corruption of civil service staffing. These are enduring tensions that are not going to disappear, regardless of the specific personnel techniques used.

## SELECTION DILEMMAS AND STRATEGIES

Once a pool of desirable applicants has been identified, the next step in the staffing process is to choose those who are most likely to perform the job competently. Selecting workers on the basis of their *job-related ability* is one of the most sacred principles of the merit system. This means that the personnel system must determine which qualifications are necessary for job performance and then devise ways to assess those qualities competitively. Although a seemingly straightforward and admirable concept in theory, perhaps no principle in the merit catechism has been more difficult to apply (Hays and Reeves, 1984).

### The Test Validation Question

Prior to the 1970s, most of the selection and promotion examinations used in government and industry bore little direct relationship to the jobs being filled. Recurrent problems included the use of aptitude tests for screening applicants for menial positions, the widespread use of academically oriented test items that had nothing to do with job responsibilities, unrealistically high pass thresholds, and entry requirements (educational level, physical attributes, and the like) that effectively excluded many applicants who were probably capable of acceptable job performance. More often than not, the individuals disadvantaged by these exams were members of minority groups, particularly African Americans and women.

Thanks to the legal revolution inaugurated by *Griggs v. Duke Power Company* (401 U.S. 424, 1971), personnel professionals have been challenged to improve their testing strategies under threat of legal sanction. *Test validation* has thus become a major duty (and a major problem) for personnel offices everywhere. Briefly stated, the *Griggs* opinion limits employers to the use of tests that are job-related and that do not have a discriminatory impact on any protected class of individuals (that is, any recognized minority group). Although later decisions of the U.S. Supreme Court attempted to limit the reach of the *Griggs* case (see *Wards Cove Packing Company v. Atonio*, 490 U.S. 642, 1989), the Civil Rights Act of 1991 ensured not only that test validation will continue to be a critical

component of all examination programs but also that the burden of proof in such cases rests with the employer.

As a direct outgrowth of concern over test validation, the Equal Employment Opportunity Commission (EEOC) issued the Uniform Guidelines on Employee Selection Procedures in 1978. The nation's first attempt to establish a uniform government employment policy, the guidelines (1) provide an expansive definition of *test*, including application forms, minimum job requirements, performance tests, analyses of past training and experience, and oral interviews; (2) delineate how concepts such as adverse impact will be determined; and (3) establish a detailed set of methods for assessing test validity and reliability. The expectations set forth in the guidelines set off stronger shock waves than even the *Griggs* decision, owing in large part to the fact that they eloquently demonstrated the pathetic quality of most civil service testing protocols. Whereas most tests had never been exposed to any systematic study, the guidelines led to two general strategies by which public agencies now try to establish the job-relatedness of their selection strategies: criterion validity and content validity.

*Criterion validity* means that a *predictor* (a selection format or test) is correlated with a *criterion* (a measure of job performance). In other words, to establish criterion validity, one must determine that an organization's selection criteria do a satisfactory job of predicting job performance. This is typically accomplished by correlating employee test scores with supervisory ratings of performance (Arvey and Faley, 1988). Before conducting the studies necessary to establish criterion validity, two methodological hurdles need to be cleared. First, the OHR must decide whether to correlate the test scores and performance ratings of new workers or to administer the test to current employees and compare their scores with available assessments of performance (Hamman and Desai, 1995). Obviously, either strategy excludes individuals who did not score well on the entry exam (unless, as some methodologists argue ought to be done, the organization intentionally hires people who scored both high and low on the screening criteria merely to provide a statistically accurate sample). The other methodological dilemma is even thornier. No matter how many numbers are crunched trying to establish criterion validity, the calculations will be worthless if the measures of performance are unreliable. Given the enormous difficulties that impede the performance appraisal process, public managers cannot be blamed for putting little faith in the evaluation data that result. For these reasons, practitioners "rarely are able to show criterion-related validity" (Hamman and Desai, 1995, p. 97).

Due to inherent difficulties in establishing criterion validity, *content validity* has essentially become the validation strategy of choice among personnel professionals in both the public and private sectors. Fortunately, the courts have endorsed this trend by confirming that content validity is "an *equally* acceptable strategy in and of itself, not just a poor second choice" (Arvey and Faley,



1988, p. 172). When establishing content validity, the emphasis is placed on the test development process. On the basis of a preliminary *job analysis*, the essential *skills, knowledge, and abilities* (KSAs) that are required for effective job performance are identified. Test items are then designed that sample the actual KSAs. Job-relatedness is ensured by asking highly experienced veterans of the targeted position, individuals known as *job knowledge experts* (JKEs), to review the tests and to recommend alterations and additions that more accurately reflect job content.

Although establishing content validity isn't easy, it is preferable to using selection criteria that are invalid. And luckily, a few of the nagging concerns about the entire gestalt of testing have recently been answered. At one time, it was feared that tests suffer a number of nearly fatal limitations, including *single-group validity* (the idea that a test may be predictive of job performance for one race or sex but not another) and *validity generalization* (the concern that a given test may not be valid in different settings, even when selecting employees doing substantially identical work). On the basis of exhaustive analyses, researchers have now concluded that neither of these concerns is warranted. Thus practitioners are "freed from the need to conduct hundreds of repetitive validation studies" (Giffin, 1989, p. 135).

### Methods of Selection

Despite the strides that have been made in validating examinations, the use of traditional forms of paper-and-pencil tests is subsiding in many merit systems. The difficulty and expense associated with validation studies, coupled with persistent doubts about their ability to predict job performance, have led to the gradual spread of alternative selection strategies. The types of exams emerging as the new favorites among public and private users include unassembled examinations, performance-based tests, and assessment centers.

**Unassembled Examinations.** Perhaps the most widely used method of selecting managerial and professional employees, an *unassembled exam* consists of a systematic review of an applicant's education and experience. Using a résumé or job application (or both), the reviewer scores each applicant according to a consistent set of guidelines. For example, one point might be assigned for each year of general experience, three points for each year of directly relevant job experience, ten points for the appropriate professional certification, and so on. In almost all instances, the candidates who rank highest on this initial review are then interviewed prior to the final selection decision.

Although quick and cheap, this examination format has been criticized as being too subjective and prone to evaluator error (Levine and Flory, 1975). Even with the most detailed of guidelines, the evaluator must make an excessive number of judgments. There is also a tendency to overemphasize quantitative



factors (years of experience, number of publications) rather than qualitative concerns that may be more relevant to job performance. In effect, unassembled exams tend to exacerbate “credentialism,” the undue emphasis on various types of educational and professional credentials as prerequisites to employment. Applicants, too, can undermine the reliability of unassembled exams by inflating their accomplishments. Without carefully cross-checking facts, an employer might even be fooled into hiring someone who has submitted fraudulent credentials, an extremely serious yet common problem in the personnel arena.

A very different form of unassembled exam that is rarely used in government but is popular in some business settings is the systematic analysis of *biodata*. Specifically, applicants are asked to respond to a set of questions concerning their personal histories. They might, for instance, be asked to identify their childhood hobbies or the age at which they first held a job. Although the biodata approach does not appear to have much face validity, research has revealed that it can often be a valuable selection tool. The U.S. Air Force, for example, has determined that one of the best predictors of success in flight training school is an affirmative response to the question “Did you ever build a model airplane that actually flew?”

Still another form of unassembled exam is the *task inventory*, often used in industry as a substitute job application. Applicants are asked to respond to a list of items (*job tasks*) with such answers as “I have never done that,” “I have performed that task with supervision,” or “I have trained others to perform that task.” The inventory might contain such entries as “I have written grant proposals” or “I have supervised work teams with more than six members.” To control for lying, some task inventories contain nonsensical trap questions (“I have experience operating dissimulator machines”). Even with the inclusion of traps, however, task inventories are subject to considerable applicant puffery.

**Interviews.** Regardless of the other screening techniques that are used, almost all selection procedures include an *interview* phase. The popularity of personal interviews is undoubtedly attributable to managers’ desires to see applicants in action—to determine if they can think on their feet and to clarify any questions that may remain after the job applications and test scores have been evaluated. Because they are relied on so heavily, management textbooks devote considerable time to the how-to’s of interviewing. In addition to certain cardinal rules (“Let the applicant do most of the talking”; “Reserve a quiet time and space to conduct the interview”; “Be well prepared for the interview by reviewing the job description and applicant’s qualifications beforehand”), the most important advice concerns the use of a *patterned interview* technique. The purpose of the patterned interview is to ensure that all applicants are asked the same questions in more or less the same order. Moreover, the interviewer is cautioned to know in advance both the specific questions that will be asked and the means by

which the candidates' responses will be recorded and scored. Interviewers are instructed to avoid questions that are not job-related and to judiciously steer away from any topic that touches on the applicants' race, religion, marital status, physical impairment, or other forbidden categories (except to the extent that such information may be required as a "business necessity").

The obvious intent of the patterned interview is to increase the technique's objectivity and reliability. Although a clear improvement over unstructured interviews, no interview (even if well constructed and performed by trained examiners) is as effective at assessing job competency as alternative methodologies. For this reason, interviews are not recommended for making judgments concerning the suitability of applicants' skills and abilities. Instead, they serve an important (albeit misunderstood) role in evaluating candidates' attractiveness or likeability (Werbel, 1995). This is undoubtedly important, since few managers are willing to hire a candidate with whom they are uncomfortable. The potential dilemma, of course, is that various kinds of prejudice will creep into the interview process.

**Performance Tests.** Because of their obvious connection to the job, various kinds of *performance tests* have proliferated since the 1970s. Thanks to advances in testing methodology, examiners can easily assess a candidate's competency in such areas as numerical computation (for bookkeepers), verbal proficiency (for text editors), and mechanical aptitude. Similarly, applicants for clerical positions are usually asked to demonstrate their proficiency, just as heavy machine operators must show that they can handle a front-loader. A slightly different type of performance test, *work samples*, is occasionally used in the screening of certain types of technical and clerical workers. During the selection of construction supervisors in the highway department, for example, applicants may be asked to read a blueprint or to describe the sequence in which subcontractors should arrive at a building site.

Performance tests that emphasize physical prowess, such as those traditionally administered to prospective police and fire personnel, have been a source of continuing irritation among some groups. When, for instance, the fire department requires applicants to lift 150 pounds of dead weight and carry it down a sixty-foot ladder, women (and some ethnic groups) complain that they are unfairly excluded from competition. In this case, the performance test resembles any *physical standard*—such as weight and height restrictions—that might adversely affect a protected ethnic or gender group. Where such problems surface, the employer bears the burden of establishing the work-related necessity of the questionable screening requirement. Almost all selection standards based on physical ability have been relaxed in recent years; in most cases, physical requirements remain a part of the selection protocol, but they have been made more "reasonable" in the eyes of the courts.

The pros and cons of performance tests should be fairly evident. When used in the selection of lower-level workers, they are very inexpensive to design (although they may be quite expensive to administer due to the need for proctors or evaluators to be present during testing, unless an online format is used). They enjoy very high validity and are generally popular among applicants because they are easy to understand and feedback is immediate. If the organization is intent on using performance tests to select managerial and professional workers, however, the scenario may be somewhat different, as job-related screening practices for upper-level workers can be highly complex.

**Assessment Centers.** Because an entire chapter in this volume (Chapter Twenty-Four) is devoted to *assessment centers*, only a rough outline is provided here. Although more commonly used in making promotion decisions, the use of assessment centers for initial selection purposes is expanding because they are such an effective screening device. They consist of a battery of exercises that ordinarily are administered over several days. When used to select managerial personnel, they typically include in-basket simulations, oral presentations, leadership games, group discussions, and essay writing (Howard, 1974). The performance of candidates during each exercise is evaluated by three or more assessors who have received special training (and who probably hold positions comparable to the one being sought). The resulting evaluations are pooled and analyzed, thereby yielding an overall rating for each candidate.

Assessment centers are valued for their recognized ability to gauge such elusive qualities as leadership and judgment. That is, they probe higher-order cognitive skills as well as performance characteristics (“ability to handle stress”) that are often overlooked by conventional testing strategies. When carefully designed and operationalized, they enjoy very high validity and interrater reliability (Klimoski and Strickland, 1987). Their negatives include high costs, limited applicability to mass hiring situations, and speculation that their results are nothing more than a proxy measure for intelligence (which, almost everyone agrees, is a very good predictor of competency).

**Computerized Adaptive Testing.** Other than ongoing efforts to validate paper-and-pencil exams, the most significant innovation affecting traditional civil service testing programs is the advent of *computerized adaptive testing* (CAT). Personnel systems that administer tests electronically often use CAT to expedite the testing process and to provide a more refined predictor of job performance. When being examined under a CAT system, the applicant is first presented with questions of moderate difficulty. If those items are answered correctly, the computer poses more difficult ones; if the initial questions are missed, easier ones are provided. The point at which the applicant “proceeds from knowing generally less difficult items to not knowing more difficult ones is that individual’s

score” (Hamman and Desai, 1995, p. 100). In addition to its enhanced validity, CAT permits public agencies to process large numbers of applicants quickly and painlessly. Moreover, when linked with other databases (such as online application forms or résumés), CAT provides managers with an almost instantaneous ability to download eligibility lists and other applicant data.

### Postexamination Considerations

Even after applicants have been recruited and examined, the selection process is not complete. Before any particular candidate can be appointed, *veterans’ preferences* will probably need to be calculated and added to the applicants’ scores. In most jurisdictions, military veterans who received an honorable discharge and/or who served during a time of armed conflict are provided with an additional boost to their test grades. Those who receive passing scores on the relevant civil service examinations are granted an additional five points, and disabled veterans receive ten points. As a result, nonveterans are often excluded from competition for certain jobs, even when they have earned perfect scores on the entry exams.

Another requirement should be (but often isn’t) the verification of information provided by the applicant. Anyone who appoints an employee to a job without checking that person’s references and credentials is not only foolish but at risk legally. The faking of college credentials and professional certifications has reached epidemic proportions, as has applicants’ willingness to blur aspects of their professional backgrounds (Barada, 1993). Courts today recognize an employer’s duty to exercise “reasonable care” in the selection of workers. Failure to comply with this requirement can result in an allegation of *negligent hiring*. Agencies that hire housing inspectors with histories of rape violations or police officers with recurrent charges of brutality will be found legally liable if the employees again engage in the unacceptable behaviors. Although rampant litigiousness has eroded managers’ willingness to provide negative information about their former employees, no one can be sued (successfully, anyway) for providing information that is factually accurate and a matter of public record.

For organizations that experience an unusually severe problem with turnover, *realistic job previews* are recommended before the appointment process is concluded. The purpose of these previews is to encourage the departure of applicants who are most likely to quit at some later date. A common format is to provide the applicants with detailed and candid descriptions of job requirements, frequently including the use of videotapes that highlight unpleasant aspects of the position. Prospective correctional officers, for example, might be treated to a tour of a particularly nasty cell block, and then shown a film that provides a realistic look at how their days will be spent in close proximity to a hundred or more felons. By discouraging frivolous applications and weeding out the uncommitted, realistic job previews can save considerable training and administrative resources (Brink, 1993).

Depending on the jobs being filled, drug tests and physical examinations may also be required before candidates can be formally offered a job. Ordinarily, drug screening for selection purposes is limited to public employees in sensitive positions involving public health, safety, or national security (Daley and Ellis, 1994). The ability to pass a medical examination, too, is generally limited to applicants whose jobs will require unusual physical exertion. For the typical desk job, an employer cannot require applicants to pass a physical exam prior to employment. In fact, unless the position clearly requires a fit individual (police and fire services, for instance), the agency has an obligation to try to accommodate applicants with physical limitations.

## CONCLUSION

Recruitment and selection are the avenues by which bureaucracy acquires its most important raw materials, human resources. After a century of experience with relatively ineffective staffing practices, merit systems are finally drifting closer to private sector approaches to the entry functions. Decentralization, flexibility, agency autonomy, widespread use of information technologies, and experimentation with promising new techniques are becoming the order of the day.

Although most of these developments will likely have positive effects on government's staffing needs, we cannot afford to ignore the fundamental differences that separate public and private personnel administration. It would be dangerous to assume that all private staffing arrangements can be applied with impunity in public agencies. Business gurus, for instance, widely endorse employee referrals as their primary recruitment strategy. But instead of asking all employees to recommend friends and acquaintances for jobs, they ask "just the ones who have the same good values as we have." Moreover, business executives "no longer believe in ads or job postings," and they "refuse to hire people who do not live nearby" (Benitez, 1995, p. 30). In the public personnel setting, these approaches obviously conflict with cherished values. Openness may not always be efficient, but it is an essential component of the government staffing philosophy. Delegation of staffing authority to line managers may be expedient, but not if merit considerations are buried under the weight of personal contacts and friendship. As public agencies rush to reinvent their personnel functions, a reasonable concern for some of the traditional values may not always be misplaced.

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# Toward a More Flexible Public Workforce

## *Issues and Implications*

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In their analysis of the evolution of public sector human resource management philosophies in Chapter Two, Donald E. Klingner and Dahlia B. Lynn identify recent “massive changes” in the employment practices of government agencies. “Chief among these,” they note, “are increased use of temporary, part-time, and seasonal employment and increased hiring of exempt employees.” These are known as *nonstandard work arrangements* (NSWAs), and they have attracted attention in recent years from a variety of groups, including labor economists, lawyers, and workers’ rights advocates. Labor economists have tried to determine whether and to what extent the incidence of NSWAs has been growing and whether the growth that has occurred has had an adverse impact on workers, lawyers have focused on the legal definition of employment and the obligations of employers, and workers’ rights advocates have intervened to protect workers from the adverse consequences of a perceived erosion of commitment on the part of employers to traditional, full-time, permanent job arrangements.

From a public human resource management perspective, NSWAs are of interest in part as a vehicle for making the public workforce more flexible. An expanded use of part-time, seasonal, on-call, contract, and even temporary help agency personnel offer opportunities to efficiently accommodate fluctuations in the demand for government services while simultaneously expanding the pool of workers from which agencies can draw. Flexible staffing arrangements potentially benefit both employers and employees by helping employers meet

staffing needs while creating more family-friendly work schedules. Yet expanding the use of these arrangements warrants caution on the part of public sector employers in light of some of the abuses that have occurred.

In this chapter, we review issues and concerns that have arisen with regard to NSWAs both generally and as they relate to the public sector. Although anecdotal evidence suggests that the incidence of NSWAs in government is increasing, data presented here show that the incidence of most categories of NSWAs has remained relatively stable over the intermediate term. The data further reveal important differences between public and private sector use of NSWAs and between levels of government within the public sector. For instance, the incidence of part-time work arrangements is lower in the public sector, but on-call workers, who are concentrated in education-related jobs at the local level of government, are more numerous. In addition, federal and state governments make greater use of part-year and seasonal work arrangements than local governments do. Finally, private sector employers tend to make far greater use of temporary staffing agency workers than public sector employers.

NSWAs hold promise as one means of addressing key human resource management challenges facing public agencies. The U.S. Senate Committee on Governmental Affairs (2000), for example, has warned of a “human capital crisis” resulting in part from the impending retirement of large numbers of federal employees and difficulties the federal government has had in recruiting well-qualified replacements. The Social Security Administration (SSA) has rehired annuitants on a part-time basis as a means of filling the talent gap, thereby supporting the agency’s customer service mission and preserving and sharing institutional knowledge and experience. Highly skilled individuals, many of whom have spent their careers at SSA, have been brought back to assist in the training of new hires, thereby freeing up regular employees to perform ongoing mission-critical duties. Former SSA commissioner Kenneth Apfel characterized this arrangement as a “win-win opportunity” (personal communication, Nov. 3, 2003). The former employees are able to supplement their retirement income while simultaneously assisting SSA in coping with the challenges of its customer-service-based mission, nationwide jurisdiction, scarce resources, and an aging workforce. Paul Barnes, the former associate commissioner for personnel, describes the authority to hire retirees in nonstandard capacities as an “extremely helpful tool for us to provide consistent public service across our whole network.” He notes, “The program is doing what it was intended to do” by maintaining a trained and knowledgeable workforce in an agency that so heavily emphasizes customer service (personal communication, Dec. 19, 2003).<sup>1</sup> Other federal agencies that have been granted similar authority include the Internal Revenue Service, the Federal Law Enforcement Training Center, the Department of Defense, the Federal Aviation Administration, and the Nuclear Regulatory Commission (Kauffman, 2003).

Similar succession planning strategies have been pursued by the states of West Virginia, New Hampshire, and Washington and by San Diego County, California. In each case, public personnel managers anticipated shortages in expertise and staffing, as well as a critical loss of institutional knowledge, prompting the development of creative and innovating employment arrangements. For example, Washington has authorized a “retire-rehire” program for teachers described by its sponsor as “a powerful tool to attract qualified retirees back into the workforce to fill critical shortages” (Sostek, 2003, p. 44), and San Diego County also allows retirees to return to public service on a temporary basis (Baru, McGinn, and Delgado, 2001). Former SSA associate commissioner Barnes foresees a need for NSWAs as a strategic human resource management tool for at least the next ten years, based on the agency’s continued analysis of its workforce (personal communication, Dec. 13, 2003). Clearly, use of non-standard work arrangements to meet public sector staffing needs is neither a onetime tactic nor a passing fad. Greater understanding of its strengths and drawbacks is important to human resource managers.

Although the Social Security Administration and others acted strategically in rehiring annuitants to address a resource deficiency, NSWAs are sometimes employed in an ad hoc manner to meet immediate staffing needs or cut costs. Human resource managers have relied on NSWAs to address short-term staffing needs without adequate forethought into how those workers figure into an agency’s mission or how they accommodate the government’s role as a model employer. As a result, some workers in precarious NSWAs who desire stable, long-term employment have been denied the human capital investments, job security, and health and retirement benefits that permanent employees enjoy. Often such abuses result in litigation or legislative remediation.

## **NONSTANDARD WORK ARRANGEMENTS: DEFINITIONS IN USE**

The primary source of information on NSWAs in both the public sector and the private sector is the Contingent Work Supplement (CWS) to the Current Population Survey (CPS), which was conducted biennially between 1995 and 2001 by the Bureau of Labor Statistics (BLS) as a supplement to the monthly Current Population Survey. The CWS is the most extensive source of data on the extent to which NSWAs are being employed in the United States. In this survey, the BLS identifies four types of nonstandard arrangements (U.S. Department of Labor, 2001):

- Independent contractors: “workers who were identified as independent contractors, independent consultants, or free-lance workers, whether they were self-employed or wage and salary workers”

- On-call workers: “workers who are called to work only as needed, although they can be scheduled to work for several days or weeks in a row”
- Temporary help agency workers: “workers who were paid by a temporary help agency, whether or not their job was temporary”
- Contract company workers: “workers who are employed by a company that provides them or their services to others under contract and who are usually assigned to only one customer and usually work at the customer’s worksite”<sup>2</sup>

Although the four nonstandard arrangements identified by the BLS have been used in many studies that rely on the CWS, others define the population of workers in nonstandard arrangements differently. In her study of the flexible staffing arrangements used by private sector employers, Houseman (2001) included these BLS categories and added “short-term hires” and “regular part-time workers.” In reviewing these and other studies of “contingent workers,” the General Accounting Office (GAO; 2000a) identified a total of nine separate categories of nontraditional work arrangements: the BLS’s four types plus “direct-hire temps,” “day laborers,” “self-employed workers,” “standard part-time workers,” and “leased workers.”<sup>3</sup> The GAO also noted a variation across studies concerning the types of jobs to include and found that depending on the types of work arrangements included, estimates of NSWAs range from 5 to 30 percent of the workforce.

Our analysis employs a broad definition of unconventional work arrangements consistent with the term *nonstandard*, that is, work arrangements other than those involving full-time, permanent jobs. Consistent with the BLS, we have included temporary help agency and contract company personnel in our definition of NSWAs. Consistent with the GAO, we add part-time workers to our definition, and consistent with the Office of Personnel Management (OPM), we include part-year and seasonal workers.

## HISTORICAL TRENDS IN NONSTANDARD WORK ARRANGEMENTS

Table 6.1 summarizes the findings from 1995, 1997, 1999, and 2001 Contingent Work Supplements and subdivides the NSWa population by type of nonstandard arrangement. As of 2001, individuals employed in nonstandard work arrangements account for one-third of the overall workforce. Over this six-year period, the figures show a small decline in the proportion of the workforce in NSWAs.<sup>4</sup>

As summarized in Table 6.1, the total number of workers in all NSWAs, public and private, decreased modestly from 1995 to 1999 and then increased

Table 6.1. U.S. Workforce by Category of Worker, 1995–2001 (percentage of workforce in parentheses).

Category of Worker	February 1995	February 1997	February 1999	February 2001
Temporary workers <sup>a</sup>	4,574,000 (3.80)	4,563,000 (3.60)	4,415,000 (3.40)	4,334,000 (3.22)
On-call workers and day laborers	2,014,000 (1.60)	1,977,000 (1.60)	2,180,000 (1.70)	2,342,000 (1.74)
Contract company workers	652,000 (0.50)	809,000 (0.60)	769,000 (0.60)	633,000 (0.47)
Independent contractors	8,309,000 (6.70)	8,456,000 (6.70)	8,247,000 (6.30)	8,574,000 (6.37)
Part-year and seasonal	5,507,000 (4.47)	4,900,000 (3.85)	5,155,000 (3.89)	6,165,000 (4.58)
Self-employed workers	7,256,000 (5.90)	6,510,000 (5.10)	6,280,000 (4.80)	6,629,000 (4.93)
Regular part-time workers	16,813,000 (13.60)	17,290,000 (13.60)	17,380,000 (13.20)	17,902,000 (13.30)
Total NSWAS <sup>b</sup>	45,125,000 (36.57)	44,505,000 (35.05)	44,426,000 (33.89)	46,579,000 (34.61)
Regular full-time workers	83,589,000 (67.80)	87,135,000 (68.80)	92,222,000 (70.10)	92,877,000 (69.00)
Total workforce <sup>c</sup>	123,207,000 (100.00)	126,740,000 (100.00)	131,493,000 (100.00)	134,605,000 (100.00)

Sources: Data for 1995, 1997, and 1999, except the category “Part-year and seasonal,” are from Government Accounting Office, 2000, tab. 2, p. 15. Data for 2001 and the category “Part-year and seasonal” in all years are based on the authors’ calculations of CPS Contingent Work Supplement data for 1995, 1997, 1999, and 2001.

<sup>a</sup>The original GAO table listed “Agency temps” and “Direct-hire temps” separately; they are combined into one category here. For 2001, a portion of this number is estimated using a least-squares line fitted to previous years’ data.

<sup>b</sup>“Total NSWAS” equals part-time plus part-year or seasonal plus the individual categories of nonstandard work identified in the table (temporary workers, on-call workers, and so on).

<sup>c</sup>Percentages do not sum to totals due to rounding.

slightly between 1999 and 2001. As a percentage of the total workforce, NSWAs declined from 36.6 percent to 34.6 percent. Longer-term data are available for two of the NSWA categories: part-time workers<sup>5</sup> and temporary help agency personnel. Questions on part-time work are part of the regular CPS and hence are available going back to 1968. Between 1968 and 2002, the proportion of the workforce in part-time arrangements rose from 14 percent to 18 percent (Schreft and Singh, 2003). Data from the Current Economic Survey, which is a survey of payrolls rather than individuals, show long-term growth in the temporary help agency sector from only 0.3 percent of the workforce in 1972 to more than 2.4 percent by the end of 2002. Thus although the incidence of NSWAs has remained relatively stable over the short term, there has been long-term growth in part-timers and temp workers.

One explanation for the slight decline in the incidence of NSWAs between 1995 and 2001 is offered by Belman and Golden (2000), who hypothesized that “the share of temporary jobs may shrink as an economic expansion matures, initially because many of them are transformed into permanent positions and eventually because firms begin to eliminate such jobs first before laying off members of their regular staff at the onset of a recession” (p. 174). The BLS did not conduct the Contingent Work Survey in 2003, making it difficult to assess what the trends in numbers of workers in NSWAs have been during the recent economic recession. However, data presented by Schreft and Singh (2003) show that there has been growth in both temporary help agency and part-time employment during the twelve months after the economy hit bottom in 2001. The growth of employment in these two categories stands out in light of a substantial decline in the number of nontemporary jobs. Schreft and Singh observe that these “just-in-time” employment practices “give firms more flexibility in employing labor, which is especially valuable early in recoveries” (p. 67). This study lends support to the theory that variation in the incidence of workers in selected categories of NSWAs is countercyclical.

A comparison of the incidence of alternative categories of NSWAs in the public and private sectors reveals that part-time work arrangements are less common in the public sector, largely attributable to their limited use in the federal government. The occupational category with the greatest number of part-time workers in government overall is that of teachers’ aides, followed by elementary and secondary school teachers. On-call workers in the public sector are more numerous than they are outside the public sector, with the use of workers in this category concentrated at the local level of government, mainly in education. Part-year and seasonal workers are those whose jobs are available only during certain times of the year or who were hired for a specific project or to replace another worker for less than a year. This is a significant category of NSWAs in terms of the numbers of workers; federal and state levels of government make greater use of these arrangements than local governments do. These

workers are employed mainly in education but also in managerial positions, with the U.S. Postal Service, and with agencies that have fluctuating workloads.

The private sector makes far greater use of temporary agency workers than public sector employers do. The number of temporary agency workers in government in 2001 was estimated at only fifty-seven thousand. Many of these workers were employed in education, although other clerical and administrative jobs are filled by temporary agency workers as well.

A second important source of information on nonstandard work in government is the Office of Personnel Management, which collects data on federal-level work schedules in full-time-equivalent (FTE) units divided into type of work schedules, including full-time permanent, full-time temporary, intermittent, and part time. Table 6.2 is adapted from OPM data on executive branch agencies by work schedule from 1987 to 2000. While most FTEs (86 to 90 percent) are accounted for by full-time permanent employees, interesting trends exist among the other types of work schedules.

The overall number of workers in executive agencies fell steadily over the period, from 2.20 million to 1.87 million, a 15 percent decline in thirteen years, attributable primarily to a reduction in personnel at the Department of Defense and the downsizing efforts of the Clinton administration. While the proportion of the executive branch workforce in full-time permanent positions remained high, there was a slight downtick, from 90.10 percent to 86.65 percent, between 1997 and 2000. Similarly, proportions of workers in full-time temporary arrangements fell during the period. From its high of 6.95 percent in 1987, the proportion of workers working full-time part-year schedules fell steadily to 4.20 percent in 2000. However, proportions of part-time and intermittent workers demonstrated the opposite trend, increasing from 3.11 percent to 5.82 percent between 1999 and 2000. These data reflect the evolution in public personnel management systems observed by Klingner and Nalbandian (2003): “Today . . . public programs are more than likely performed by alternative market mechanisms rather than directly by public agencies; and when public agencies are used, they are more likely to be staffed by temporary employees hired through flexible staffing mechanisms rather than permanent employees protected by civil service regulations and collective bargaining agreements” (p. 14). Which influences, on employers as well as employees, brought about these changes?

## **WHY DO EMPLOYERS USE NONSTANDARD WORK ARRANGEMENTS?**

Katharine Abraham (1990) summed up employers’ motivations for using NSWAs: to gain more flexibility to adjust the quantity and skill mix of labor inputs, to save on compensation costs, and to obtain special skills and services

Table 6.2. Work Years (Full-Time Equivalents) in Executive Branch Agencies  
(excluding the U.S. Postal Service), 1987–2000 (percentage of total in parentheses).

Year	Full-Time Permanent	Full-Time Temporary	Part-Time and Intermittent	Overtime and Holiday	Total
1987	1,915,664 (87.04)	153,004 (6.95)	66,709 (3.03)	65,577 (2.98)	2,200,954 (100.00)
1989	1,957,279 (88.16)	126,620 (5.70)	73,148 (3.29)	63,139 (2.84)	2,220,186 (100.00)
1991	1,935,483 (87.98)	129,476 (5.89)	67,574 (3.07)	67,497 (3.07)	2,200,030 (100.00)
1993	1,948,725 (89.19)	111,231 (5.09)	69,265 (3.17)	55,601 (2.54)	2,184,822 (100.00)
1995	1,787,680 (89.13)	99,676 (4.97)	52,802 (2.63)	65,476 (3.26)	2,005,634 (100.00)
1997	1,677,015 (90.10)	82,542 (4.43)	48,528 (2.61)	53,292 (2.86)	1,861,377 (100.00)
1999	1,649,761 (89.24)	93,037 (5.03)	57,489 (3.11)	48,463 (2.62)	1,848,750 (100.00)
2000	1,621,165 (86.65)	78,671 (4.20)	108,892 (5.82)	62,228 (3.33)	1,870,956 (100.00)

Source: Office of Personnel Management, 2003c.

Note: Data are for nonpostal executive branch agencies with one hundred or more employees.



not currently available in-house. In Houseman's 2001 survey of a nationally representative sample of private sector establishments, the most commonly cited reason for the use of NSWAs had to do with staffing flexibility. For example, over 50 percent of the firms surveyed use workers in one or more categories of NSWAs to accommodate "unexpected increases in business" or to provide assistance "during peak hours of the day or week." A high percentage of firms also use workers in NSWAs to fill vacancies until a regular employee is hired, fill in for a regular employee who is sick or on vacation, and for special projects.

Other reasons for the use of NSWAs relate to wage and benefit costs. Houseman (2001) found that workers in NSWAs were much less likely to be offered health, retirement, and other benefits than regular, full-time workers. Temporary, short-term, or part-time workers are often not covered by the terms of collective bargaining agreements in firms with unionized workforces and hence can be paid a lower wage.

NSWAs can be employed as a means of resisting unionization as well. Du Rivage, Carré, and Tilly (1998, p. 266) identify as "gaps in labor law coverage that severely limit the protective effects of existing labor law for part-time and contingent workers" that bargaining units often exclude workers in NSWAs, that collective bargaining rights are ambiguous in situations of "joint employment" as experienced by both temporary help agency and contract company employees,<sup>6</sup> that "subcontracting of public sector jobs creates a gray area between public and private employment where the legal protections associated with either often do not apply," and that "current labor laws are inadequate for high-turnover workforces." Similarly, companies are less likely to face litigation as a result of laying off employees who are retained on a short-term or temporary basis than as a result of laying off full-time employees (Houseman, 2001).

Additional reasons for the use of NSWAs in the private sector include as a means to screen individuals for full-time employment, to access workers with special skills, and to accommodate worker requests for more flexible work schedules (Houseman, 2001). Finally, Kahn (2000, p. 243) references the use of temporary help agency personnel as a means of holding down "head count," stating, "The corporate policy with the most significant impact on temp use is head-count restriction, a common mechanism used by central management to control costs and keep major decisions in their own hands."

Many of these same reasons apply to the public sector. For instance, Paul Light (1999) points to the perceived political importance of holding down head count as one reason for the extensive use of contract employees in the federal government. Similarly, Richard Lindsay, president of AFSCME Council 13 in Harrisburg, Pennsylvania, indicates that managing head count was a motivation underpinning Pennsylvania's decision to contract for clerical and custodial workers through temporary agencies rather than to hire these workers directly (personal

communication, Jan. 15, 2004). Associated with issues of head count is that of cost. According to Marge Pitrof (2004), Wisconsin's recent outsourcing effort reflects an ongoing tension between "saving money" and "saving state jobs."

Government agencies with workloads that fluctuate by season have also made use of NSWAs. The U.S. Postal Service requires staffing flexibility to provide services during peak times, including the end-of-year holiday period; the Internal Revenue Service puts large numbers of employees on the payroll in the weeks leading up to the April 15 tax filing deadline; and agencies such as the National Park Service and the Forest Service are able to cope with high demand for service during the good-weather months through the extensive use of seasonal employees.

Nonstandard work arrangements are also important in the context of "family-friendly workplace" policy. Family-friendly programs promoted at the federal level include an expansion of part-time employment opportunities and job-sharing arrangements. According to the OPM, these programs make it possible for employees to "spend more time with their children, pursue educational opportunities, care for an aging parent or ill family member, participate in volunteer or leisure activities, or continue working when illness or physical limitations prevent working a full-time schedule" (Office of Personnel Management, 2003b). One element of the federal government's work-life program is a job-sharing program whereby two employees can split the duties of a single job, thereby making it possible for each to cope with family-related responsibilities.<sup>7</sup>

The Federal Employees Part-Time Career Employment Act of 1978 encourages the use of part-time arrangements in federal agencies partly as a means of helping employees balance work and family commitments. The government has made available to part-time employees the same benefits that are available to full-time employees, prorated according to the number of hours worked. School districts regularly use substitute teachers as "on-call" workers to fill in when regular teachers are out ill or are absent for other reasons. Public colleges and state universities have relied increasingly on part-time "adjuncts" or graduate assistants for teaching purposes largely as a means of holding down costs.

The state of Pennsylvania, in conjunction with AFSCME Council 13 in Harrisburg, operates a "temp pool" to facilitate the hiring of custodial and clerical workers as staffing needs change throughout the year. During tax time, the state's Department of Revenue hires extra clerical workers, and when the legislature is in session, greater numbers of custodial workers are needed at the capitol complex. The state worked with the local labor union council to regulate the temp pool, in recognition of fluctuating demand (Richard Lindsay, personal communication, Jan. 15, 2004). Similarly, according to Martha Watson, human resource manager with the Minnesota Department of Human Services, the state of Minnesota relies on NSWAs to meet staffing needs in its state-run hospitals and nursing care facilities (personal communication, Jan. 20, 2004). Minnesota

also uses NSWAs to meet seasonal staffing needs for snowplow operators in the winter, state park workers in the summer, and custodians during the school year in its state-run colleges and universities (Marybeth Blaser, personal communication, Jan. 20, 2004).

## **WHY DO EMPLOYEES PARTICIPATE IN NONSTANDARD WORK ARRANGEMENTS?**

Companies have been accused of using NSWAs as a means of evading legal obligations to workers. However, CWS data show that a significant proportion of individuals in NSWAs prefer these arrangements. This is particularly true of both independent contractors and contract company workers. It is less true for on-call and temporary help agency workers, although the data suggest that even many of the workers in these categories prefer their work arrangements to full-time, permanent employment. In the 2001 CPS survey, 49 percent of on-call workers and 44 percent of temporary help agency employees stated a preference for their current arrangements over those associated with more traditional jobs. Cohany (1996, p. 33) points out that that NSWAs provide the “flexibility needed to balance work with other commitments, such as family responsibilities, school, and even other employment.” The BLS found that almost 50 percent of on-call workers were enrolled in school, suggesting that this arrangement is highly compatible with students’ requiring a source of income. Additional reasons why workers might prefer NSWAs include serving as an income supplement, to gain more diverse work experience by rotating through a variety of jobs, as a means of exploring the labor market and or a particular job prior to making a long-term commitment, and as a means for new labor-market entrants to gain job experience.

## **BENEFITS AND COSTS OF NONSTANDARD WORK ARRANGEMENTS**

We have already noted the benefits of more flexible work schedules, which include promoting family-friendly workplaces, preserving institutional knowledge, and sharing expertise. However, attention has also been brought to NSWAs by the worker rights community. There is growing apprehension among many in this community that a “dual labor market” results from use of nonstandard arrangements. In some cases, worker rights may become secondary to workforce flexibility from an employer’s perspective. According to Polivka and Nardone (1989, p. 11), “Dual labor market theorists divide the labor market into

primary and secondary markets. The primary market is characterized by jobs with relatively high wages, good working conditions, promotion potential, and employment security. In contrast, the secondary market is characterized by jobs with low pay, poor working conditions, and little advancement or job security.” Workers’ rights advocates are concerned that the secondary labor market is growing and that participants in the secondary market come disproportionately from disadvantaged elements of the population, including minorities and women. BLS data show that both temporary help agency and on-call workers are disproportionately women and minorities (U.S. Department of Labor, 2001).

Interest in this phenomenon has also been forthcoming from the legal community. A number of recent court cases have centered on legal definitions of employment. Some firms have been accused of miscategorizing employees as independent contractors, thereby evading their responsibilities as employers. By labeling individuals whose working conditions are in most respects the same as those of regular employees as contractors, employers are exempted from various costs for which they would otherwise be obligated. Workers in such arrangements are also denied rights such as those available under the Family and Medical Leave Act to which they would otherwise be entitled. Perhaps the best-known case is *Vizcaino v. Microsoft* (97 F.3d 1187, 9th Cir., 1996), involving “perma-temps” who worked in the same capacity as regular employees for years but were classified as independent contractors by Microsoft. The court found that Microsoft had indeed misclassified these individuals, who were deemed regular employees of the firm pursuant to the common law definition of an employment relationship.

At the core of *Vizcaino v. Microsoft* was the question of what constitutes an employment relationship. The Ninth Circuit Court of Appeals found that the independent contractors working for Microsoft were employees of the firm under the common law: “Microsoft fully integrated [the workers] into its workforce: they often worked on teams along with regular employees, sharing the same supervisors, performing identical functions and working the same core hours.” The U.S. Supreme Court established the common law definition of an employee in *Nationwide Mutual Insurance Company v. Darden* (503 U.S. 318, 322–323, 1992), but other legal tests have been used to determine whether a worker is an employee. Further contributing to the legal muddle are differences in the criteria incorporated into key laws designed to protect workers. The General Accounting Office (2000a) identified nine such laws, including the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act, the Fair Labor Standards Act, and the National Labor Relations Act. In 1994, the Commission on the Future of Worker-Management Relations recommended that Congress adopt a single definition of employee that could apply across the board. The GAO notes that “a stringent and uniform definition of an employee could help increase benefits coverage for some contingent workers” but also that “a uniform definition might result in some laws [such as the Fair Labor Standards Act] being applied more narrowly” (p. 39).

Use of NSWAs that has led to legal or legislative remediation has not been limited to the private sector. In the early 1990s, the Los Angeles County Counsel created a nonprofit corporation called Auxiliary Legal Services as a means of obtaining additional personnel. The individuals whose services were procured through this arrangement were not technically employees of the county, were not protected by civil service laws, and were not entitled to the benefits available to employees of the county (Bendich, Stobaugh, and Strong, 2003). In March 2001, the San Diego County Board of Supervisors passed an ordinance allowing the creation of up to 5,500 temporary positions to supplement its full-time workforce of approximately 18,000. Although the new “interim temporary worker” position was subject to a six-month limit, there was no prohibition against serial reappointment, which opened the door for exploitive use of this nonstandard arrangement. Compensation for these workers was lower than that of their civil service counterparts (Baru, McGinn, and Delgado, 2001). Similarly, a group of workers who worked for the city of Seattle for seventeen years as “intermittent” janitors were found to have been incorrectly categorized by the city as temporary workers and improperly denied employee benefits (General Accounting Office, 2000a).

Finally, legislation has been needed to address nonstandard arrangements in government that were politically unpalatable. To cut costs, some states have outsourced certain customer service functions to other countries, including India and Mexico. Public outcry surrounding the outsourcing of these state jobs to foreign workers led the governor of Indiana to cancel one contract for support services, and in Wisconsin, a bill has been introduced that would prevent the outsourcing of state jobs to foreign workers. Similarly, programs allowing retirees to return to public service have been altered to protect against “double dipping” in New Hampshire and Washington (Sostek, 2003).

Although regulations such as the hiring authority limitations imposed on federal government agencies by the OPM may mitigate exploitive use of NSWAs in the public sector, public personnel managers are not immune to the pitfalls of alternative work relationships that have been suffered in private sector workplaces. In the next section, we identify a few key theoretical and managerial issues related to NSWAs and then examine some approaches for minimizing these costs while maximizing the benefits to workers that can be realized through strategic use of NSWAs.

## THEORETICAL ISSUES

The expansion in some categories of NSWAs is an element of what Carré, Ferber, Golden, and Herzenberg (2000) identified as a set of long-term changes in employment relationships in the United States. At issue is whether important features of the American workplace throughout the postwar period associated with

the concept of “internal labor markets” are in flux. According to Doeringer and Piore (1971), these features include a long-term employment relationship; wages that are sheltered from market wage fluctuations and are instead determined by administrative rules tied to job classifications and rank; upward mobility within the firm, so that wages rise with seniority and promotions; and company-sponsored benefits. In support of the thesis that there has been an erosion of the traditional social contract between worker and employer, analysts point to an increase in the incidence of downsizing, subcontracting, and greater use of nonstandard work arrangements. Data generated by Bernhardt and Marcotte (2000) also point to a long-term decline in job stability, a reduction in benefits coverage, and an increase in externally driven wage structures in the American labor market.

These and related studies have not generally investigated whether these trends characterize the public as well as the private sector. Although in many respects the federal government is the archetypal internal labor market, there is no evidence that fundamental changes in the central features of the employment relationship at that level are under way. In fact, an analysis of the total work years in executive branch agencies (excluding the U.S. Postal Service) shows a slight decline in the use of part-time, temporary, and “intermittent” work arrangements over the period 1989–1999.<sup>8</sup>

## MANAGEMENT ISSUES

The concept of workers as “human capital” has been promoted heavily within the federal government by the General Accounting Office, which notes that two principles underlie the human capital concept: (1) “people are assets whose value can be enhanced through investment,” and (2) “an organization’s human capital approaches must be aligned to support the mission, vision for the future, core values, goals, and strategies by which the organization has defined its direction and its expectations for itself” (2000b, p. 7). Implicit in the idea of workers as “capital” is that worker performance can be enhanced through investments in training.

This set of ideas becomes problematic when applied to workers in NSWAs. It is unlikely that organizations will invest in workers who are serving in a contract capacity or whose jobs are temporary. Thus, Belous (1989) observes, “there may be a tendency to underinvest in human capital development . . . because employers may not be willing to make the same investments in contingent workers that they would be willing to make in core workers” (p. 9).

## CONCLUSIONS

Although relatively little attention has been accorded the phenomenon of NSWAs in the public sector, there are reasons why this should change. First, long-term trends show a significant increase in temporary help agency workers

and a more modest increase in part-time workers, the only two categories for which long-term data are available. Further, indicators are that an increased incidence of NSWAs may be a feature of the current “jobless recovery.” NSWAs may provide a means by which public managers at all levels can address the labor shortages predicted in association with the retirement of the baby boomers (Brock, 2003). Finally, as the incidence of these arrangements expands, there may be increased urgency for policymakers to address the important issues that are raised by their use.

As we have noted, NSWAs are appropriately part of a strategic approach to human resource management. The Social Security Administration and the Internal Revenue Service are exemplars, having obtained special authority to employ annuitants in nonstandard capacities in order to train and mentor newer employees, as well as to perform mission-critical tasks when their particular expertise cannot be found in-house. However, in other instances, this management tool has been used without a longer-term vision as to the role of NSWAs in agency operations. Egregious exploitation of NSWAs has occasionally resulted in legal action by government workers and their representatives. Public human resource managers need to be aware of the potential for the abuse as well as for the deployment of these arrangements in support of mission accomplishment.

## Notes

1. Under this special hiring authority, which must be reexamined and renewed on an annual basis, the Social Security Administration and the Internal Revenue Service may rehire only retirees who possess irreplaceable knowledge or expertise on mission-critical projects. For instance, the SSA rehired retired administrative law judges to hear court cases when the demand for hearings and backlogs of cases outpaced the SSA’s ability to recruit and hire individuals with this expertise. Also, for both the IRS and the SSA, rehired retirees cannot be those who took advantage of early retirement, and all must be tied to client services and mission-critical projects. Workers in these nonstandard arrangements can work in this capacity for no more than two years.
2. Note that the definition of contract company worker excludes those who move from customer to customer, as many management consultants do. Polivka, Cohan, and Hipple (2000, p. 42) comment, “The requirements to have only one customer and to work on the customer’s premises were imposed to avoid counting individuals whose employers simply did business with other companies under contract (such as advertising agencies, military equipment manufacturers, law firms, or think tanks).”
3. Because no data on leased workers were collected by the BLS, they were not included in the data reported by the GAO.
4. To examine the incidence of NSWAs in the public sector requires some adjustments to the data. Some categories of NSWAs (day laborers, independent contractors, the



self-employed) are exclusive to the private sector and hence are excluded from our analysis. In the government category, CWS data further permit a determination of whether the respondent works for a federal, state, or local government entity. Contract company employees and temporary help agency employees often straddle the public and private sectors. Although they are technically part of the private sector, to the extent that they are working for public sector entities they become part of the public sector workforce. The “assigned job” variable included in the CWS allows the identification of those private sector employees in these categories assigned to public sector customers.

5. Note that these part-time figures include workers who are part-time and on-call, temporary help agency, and independent contractors. The figures shown for “regular part-time workers” exclude these groups of part-timers because the data used to calculate figures for the part-time workforce come from the CPS merged outgoing rotation group data, which do not include information on NSWAs.
6. The collective bargaining rights of these workers are generally not guaranteed. Prior to the *Sturgis* decision (*M. B. Sturgis, Inc.*, 331 NLRB 173) in 2000, temporary help agency and contract company employees who worked side by side with the employees of the “user” employer “could be included in a bargaining unit with such ‘regular’ full-time employees only if both the user and supplier employers consented” (Schiffer, 2002). With *Sturgis*, the National Labor Relations Board removed the requirement for employer consent. However, even with this change in policy, workers in NSWAs are often excluded from the bargaining units (see also Mehta and Theodore, 2000, 2002).
7. However, data from the OPM show that only a small number of employees have taken advantage of some of these opportunities. For instance, data from the Central Personnel Data File show that as of December 2002, only 601 employees were in job-sharing arrangements governmentwide.
8. According to the Office of Personnel Management (2003a), the total number of work years accounted for by workers on part-time, temporary, and intermittent work schedules declined from approximately 9 percent of the total in 1989 to about 8 percent of the total in 1999.

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# Valuing Diversity

## *The Changing Workplace*

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Human resource executives who capitalize on changes in the workforce with every new hire, promotion, and training opportunity take advantage of the best that the American labor force has to offer. The focus of this chapter is on *valuing* the diversity of the U.S. workforce. To this end, we address the following questions:

- What is diversity?
- How diverse is the workforce?
- What are the human capital challenges?
- What is the impact of diversity?

We conclude with a discussion of the HR function in creating, maintaining, and capitalizing on diversity. Strategies that represent diversity in action and that serve to sharpen efforts to diversify the workforce are offered.

### WHAT IS DIVERSITY?

Everyone is part of a group, either by gender, race, religion, ethnicity, age, physical ability, sexual orientation, skills, professional identification, or tenure in an organization. In traditional parlance, diversity efforts have been framed in terms

of race, ethnicity, and gender. More recently, the term has expanded to include additional categories of demographic “otherness,” such as age, disability, or religion. As technology revises job schedules, additional dimensions of diversity include telecommuters versus on-site workers, part-time versus full-time workers, and temporary versus regular workers.

The impact of diversity is more than a function of demographics and numbers. It is the strength that comes from melding multiple perspectives. Much as an alloy is stronger than a single metal, a diverse workforce is more capable of adjusting to complexity and new demands than the homogeneous workforce of the past.

Even if we discount enhanced performance, there is another reason to value diversity. It is the important notion of representative government, and it is the law of the land. The Civil Service Reform Act of 1978 called for a federal workforce that reflects the nation’s diversity. To that end, it effectively codified the push to diversify the federal workforce and make the bureaucracy representative of the population, both horizontally and vertically. Citizens are more comfortable with government, and those who govern, when they look familiar. Because of the immediacy of governmental action—law enforcement, zoning, public schools, tax collection, housing, sanitation, public health, streets, parks—citizens come face to face with government workers. Staff in every driver’s license examining station and Social Security Administration office know it is important to be responsive. Personal contact enables citizens to experience democracy up close and to accept more readily government’s authority. When public workers, as the hands and feet of government, look like the citizens being served, government loses its starched removal from everyday lives.

Table 7.1 displays U.S. population statistics. Although the population is predominantly white, over 37 percent of Americans describe themselves as Hispanic, black, Asian, Native American, or some combination of categories. A representative government workforce should mirror these proportions. The representativeness of groups is central to a workforce that “looks like America” (Naff, 2001).

To take advantage of the opportunity that America’s diversity offers, however, requires moving beyond faulty assumptions, stereotypes, and prejudices. Making the most of a diverse workforce requires finding common ground and capitalizing on fresh insights and the contributions these bring to public performance. The opportunity that diversity provides is premised on the principles of trust and respect for differences. This requires an action-oriented perspective that moves beyond the letter of the law to embrace respect for others and affirmation of differences.

How an employer defines diversity shapes, if not predicts, an organization’s response to the changing workforce. Those who see diversity as an onerous legal requirement meet the letter of the law yet fail to gain the benefits that ac-

Table 7.1. U.S. Population Demographics, 2000.

Population	281,421,906
Women	50.9%
Men	49.1%
White	75.1%
Black	12.3%
American Indian or Alaska Native	0.9%
Asian	3.6%
Native Hawaiian or other Pacific Islander	0.1%
Persons reporting some other race	5.5%
Persons reporting two or more races	2.4%
Persons of Hispanic or Latino origin	12.5%

Source: U.S. Census Bureau, 2000a.

crue to those who treat diversity as an essential component of human capital. To discuss this in more detail, we first compare the demographics of the public workforce with the characteristics of the civilian labor force as a whole. The question at issue is whether the individuals who work for government reflect population demographics.

## HOW DIVERSE IS THE PUBLIC WORKFORCE?

Table 7.2 shows the size of the civilian labor force, civilian workforce, and government workforce. The *civilian labor force* (CLF) includes all citizens who are age sixteen or older, are not in the military, and are working or looking for work. *Workforce* refers to those who are actually employed. Military personnel, who numbered 1,152,137 in the year 2000, are excluded from the count of the CLF as well as from the count of the government workforce.

As an industry, government employs a significant portion of the labor force. Table 7.2 shows that government workers represent slightly more than 12 percent of all workers. To determine whether the composition of the government workforce reflects the civilian labor force, we compare the federal workforce to the nation's civilian labor force in Table 7.3, as well as the proportion of federal workers who hold white-collar posts. (White-collar positions include all professional and administrative jobs except those in the U.S. Postal Service, Tennessee Valley Authority, intelligence-gathering agencies, and the Army Air Force Exchange Service.)

**Table 7.2. Comparison of Government Workforce to Total Civilian Labor Force and Workforce, 2000.**

Civilian labor force <sup>a</sup>	137,668,805
Civilian workforce <sup>b</sup>	129,721,512
Federal government employees	2,425,898
State government employees	3,564,547
Local government employees	9,746,094
Total government workers	15,736,539

Sources: U.S. Census Bureau, 2000a, 2000b, 2002.

<sup>a</sup>All citizens age sixteen and older who are not in the military and are working or looking for work.

<sup>b</sup>All citizens age sixteen and older who are currently employed.

**Table 7.3. Federal Civilian Workforce Compared to Overall Civilian Labor Force, 2002 (percentages).**

Group	Civilian Labor Force	Federal Employees	Federal White-Collar Workers
Women	46.8	42.43	48.77
Men	53.2	57.57	51.23
White	72.8	67.31	69.77
Hispanic	10.7	7.10	6.78
Black non-Hispanic	10.5	18.63	17.07
American Indian or Alaska Native	0.7	1.50	1.88
Asian or Pacific Islander	3.7	5.45	4.51

Sources: Equal Employment Opportunity Commission, 2003b, 2003c; "Labor Force," 2003.

Workforce proportions displayed in the table show that the federal workforce varies in relatively small degrees from the CLF: disproportionately fewer women, whites, and Hispanics are employed by the federal government while disproportionately more men, blacks, Native Americans, and Asians and Pacific Islanders are employed. However, examining the composition of the federal government's white-collar workforce reveals that men, whites, and Hispanics are underrepresented while women, blacks, Native Americans, and Asians and Pacific Islanders are overrepresented. This variation in representation can be accounted for by a number of factors, including types of jobs filled, the fact that job segregation is endemic in the workplace, and the geographical match or mismatch between workers and jobs. We discuss these factors later in the chapter.

## Steady Increase in Diversity

The workforce is dynamic, changing with new entrants and population shifts. As the numbers change, the dimensions to diversity increase. There are currently 141 million people in the American civilian labor force, and the number increases annually. Men currently outnumber women by 9 million, and this difference *narrows* annually as women continue to enter the labor force in increasing numbers (U.S. Census Bureau, 2001a).

Managing diversity is no longer an option; it is an imperative. In public employment, once the province of white males, women and minorities have made significant gains since the equal opportunity era began in the mid-1960s. In 1974, minorities comprised 19 percent of state and local government employees; twenty years later, minorities made up almost 29 percent of the state and local workforce. Similar gains are noted in the federal workforce: by 1982, minorities accounted for 23 percent of the federal workforce, and fourteen years later, continuing to gain, they comprised 29 percent of the federal workforce (Equal Employment Opportunity Commission, 1997, pp. 9, 12).

## Women in the Labor Force

Our discussion now turns to specific dimensions of diversity. First, let us consider gender. Table 7.4 shows the steady increase in the proportion of women workers in the CLF, from 36 percent in 1966 to 47 percent in 2000. This increase is mirrored in the public workforce.

As the number of women in the workforce has achieved a critical mass, changes have been set in motion in terms of benefits packages, work-family policies, workplace and work time, and acceptable office behavior. Dual-worker households mean that often one worker elects to purchase family coverage for health insurance while the other worker elects to forgo health insurance in favor of other benefits. For this and other reasons, “cafeteria benefit plans” have become popular. These plans provide choices for workers among an array of insurance, dependent care, and retirement plans. Flextime and telecommuting

**Table 7.4. Gender Composition  
of the Labor Force, 1966–2000 (percentages).**

Year	Women	Men
1966	36	64
1979	42	58
1992	46	54
2000	47	53

Sources: “The American Work Force,” 1993; “Labor Force,” 2003.

bring greater flexibility and variability to work schedules. Family and medical leave has become business as usual. Women are less frequently excluded from the top ranks, and the notion that a leader must be a “he” is diminishing. Expectations that comparable work will produce comparable pay are on the rise, and sexual harassment is less often tolerated. Changes such as these mark the advance of workforce diversity.

Table 7.5 demonstrates an extraordinary change in social norms that, for prior generations, encouraged wives to remain at home during their child-rearing years. The table shows that women’s increase in the labor force is due to the swift acceptance of the principle that married women and mothers can and should be active participants in the labor force. The HR function is affected by this change in terms of employee transfers and workday routines. Dual-career households change a number of job-related factors, including a worker’s willingness to accept a transfer and the necessity for employers to accommodate workers’ family obligations.

Another way to appreciate the change in gender demographics of the labor force is by looking at age cohorts (see Table 7.6). While the proportion of men who are in the labor force has remained relatively steady until they near retirement age, the proportion of women has risen steadily. For this reason, there is more demand for a family-friendly workplace because everyone is at work. In 1950, only 34 percent of women between the ages of twenty-five and thirty-four were in the labor force; by 2000, fully 76 percent of all women in that age bracket were in the labor force. No longer is it assumed that there is a housewife at home to manage the household and to ferry children to and from after-school activities.

In addition to highlighting the increasing proportion of women workers, this table also brings the subject of age into the conversation. It is to this that we now turn.

**Table 7.5. Labor Force Participation for Married Women with Children Under Age Eighteen and Husbands Present.**

Year	Percentage of Married Women
1960	27.6
1970	39.7
1980	54.1
1990	66.3
2000	70.6

*Sources:* Women’s Bureau, 1998; U.S. Census Bureau, 2001b.



Table 7.6. Labor Force Participation Rate by Gender and Age, 1950–2000 (percentages).

Age	1950		1960		1970		1980		1990		2000	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
16–19	41	63	39	56	44	56	53	61	52	56	51	53
20–24	46	88	46	88	58	83	69	86	71	84	73	83
25–34	34	96	36	98	45	96	66	95	74	94	76	93
35–44	39	98	43	98	51	97	66	96	76	94	77	93
45–54	38	96	50	96	54	94	60	91	71	91	77	89
55–64	27	87	37	87	43	83	41	72	45	68	52	67
65 and over	10	46	11	33	10	27	8	19	9	16	9	18

Sources: Women's Bureau, 1998; U.S. Census Bureau, 2001a.

## Generational Differences

Generations have different work attitudes, experiences, and job-related expectations. And cohorts change priorities as they progress through their careers. During the child-rearing years, the benefits of child care and family leave are especially important; for empty nesters, retirement planning and salary predictability are priorities. Likewise, challenges on the job may be motivating to some workers but demotivating to others (Guy, 1984). Understanding and valuing these differences is the essence of diversity.

For example, Generation Xers, the children of the baby boomers, were born between 1963 and 1981 (Tulgan, 1995). They enter the workforce with experiences quite different from those of their parents, and their work habits differ from those of their elders. They came of age with greater protections of equality in terms of race and gender than any generation in the past. But after working for a few years, they learn that laws on the books are not necessarily reflected in workplace practices. This acknowledgment, coupled with the cynicism that marks their generation, combines to produce a potent combination of thwarted expectations and a drive to breathe life into the protections they were taught to expect. Young women expect to be treated equally, and when they are not, they are less tolerant of inequities than their mothers were. The increasing number of sexual harassment claims gives evidence of this. This means that HR directors are held accountable for ensuring that their agencies are in compliance with workplace laws and that supervisors are well versed in the provisions of those laws.

Having come of age playing computer games, Xers have grown accustomed to instant feedback and fast pace. With both parents in the workforce, they learned to entertain themselves during after-school hours by watching television and relying on friends to while away the afternoons. More comfortable in teams than hierarchies, they resist top-down bureaucracies. Generational differences require management changes, from hierarchical to more consultative supervisory styles and team-based work assignments.

Generation Xers are nonidealistic, expecting rewards now from their work rather than trusting institutions to reward them in the future. They are not loyal to institutions or employers because they do not expect institutions and employers to be loyal to them. Bruce Tulgan (1995) encourages supervisors to anticipate that Xers will solve problems differently than boomers. He recommends that employers provide Xers with opportunities to excel; focus on results, not process; provide as much information as possible; outline and clearly define goals; build feedback loops; and make feedback accurate, specific, and timely.

Youth is not the only age-based consideration; older workers present their own issues. Since 1980, participation rates in the civilian workforce increased

for most older Americans. Since 1975, the participation rate for women between the ages of fifty-five and sixty-four has increased by nearly 30 percent. Even among women sixty-five and older, participation rates have increased, from 1.0 to 1.6 percent. Older men's participation rates demonstrate an inverse trend. Among men whose ages ranged from fifty-five to sixty-five, participation rates have declined from 7.0 to 6.4 percent (U.S. Census Bureau, 1961–1996).

The Age Discrimination in Employment Act (ADEA) serves to promote employment of older people between the ages of forty and sixty-five based on their ability rather than their age. The ADEA prohibits arbitrary age discrimination in employment, including hiring, referral, classification, and compensation on the part of employers with twenty-five or more employees (Henderson, 1994). The 1978 amendments to the ADEA rendered legally unenforceable most mandatory retirement policies for people up to age seventy. Mandatory retirement after age seventy was abolished in a 1986 amendment to the law. As health insurance costs increase and retirement accounts suffer in a faltering economy, it is likely that more of the aging workforce will delay retirement. The 1990 Older Workers Benefit Protection Act (OWBPA) provides additional safeguards against employers who pressure workers to accept early retirement. The act prohibits “capricious and discriminatory acts to get employees to waive their employment and retirement rights” (Henderson, 1994, p. 81). The age dispersion of workers requires that supervisors be sensitive to the differing priorities and working styles of members of the various generations.

### **Workers with Disabilities**

Along with gender, race, and age, disability is another facet of diversity. The distribution of employees with disabilities is difficult to quantify. Overlapping statistics give estimates of 36 million to 50 million Americans with disabilities (Henderson, 1994). The passage of the Americans with Disabilities Act in 1990 was intended to be the impetus for an increasing number of people with disabilities to enter the workforce and to seek opportunities equal to those of their nondisabled peers. A subsequent law, the Ticket to Work and Work Incentives Improvement Act of 1999, was passed to encourage the disabled to seek employment. Employers are required to make reasonable accommodation for handicapped workers. The fact of the matter is that the proportion of disabled workers who are in the workforce is about the same now as before the ADA was passed (Hotchkiss, 2003).

Despite an estimated 930,000 workers with disabilities (Alexander, 1994), there are more than 7.7 million disabled Americans who are either out of the labor force or unemployed (Henderson, 1994). Among the barriers individuals with disabilities face when seeking employment are economic disincentives, employers' negative attitudes toward people with disabilities, and coworkers'

discomfort. Elderly people with disabilities may be more discriminated against than others. In terms of productivity, very little is expected of the elderly in general, and even less is expected of those with disabilities. But failure to invest in their potential is shortsighted. Both older workers and workers with disabilities constitute labor pools that have not been explored as fully as possible. With the human capital crunch that projections foresee, these groups provide recruitment opportunities.

The Americans with Disabilities Act of 1990, as amended in July 1994, provides a clear and comprehensive national mandate for the elimination of discrimination against individuals with disabilities (see Chapter Twenty). The scope of the act covers the majority of state and local government agencies as well as the federal government. Moreover, it adds an enforcement mandate and charges the federal government to play a central role in such enforcement. Congress passed the ADA after concluding that individuals with disabilities are a discrete and insular minority who face restrictions and limitations that result from stereotypical assumptions not truly indicative of their ability to contribute to society. According to the law, a “*qualified individual with a disability*” is an individual who, with or without reasonable accommodation, can perform the essential functions of the job in question (Kohl and Greenlaw, 1992; Susser, 1990). Congress held that the nation’s proper goals regarding individuals with disabilities are to ensure equality of opportunity, full participation, independent living, and economic self-sufficiency. An individual who brings a claim under the ADA is entitled to a jury trial and has the potential to collect punitive and compensatory damages in an amount commensurate with the size of the employer’s workforce.

The EEOC found that 80 percent of all accommodations cost less than \$500, with more than half (51 percent) of the reasonable accommodations having no cost at all. Simply reorganizing work flows or rearranging office furniture often suffices (Kohl and Greenlaw, 1992). Human resource managers should undertake job analyses to determine the essential functions of a job (see Chapter Twenty-Three). This helps supervisors place disabled workers in settings where they can be most productive and avoids claims that an otherwise qualified applicant is not capable of performing a job. Valuing diversity ensures that the workplace is inclusive of all groups, including individuals with disabilities.

We have discussed race, gender, age, and physical disability as they relate to the changing workforce. There are many more ways to break down “otherness,” such as by skills, functional responsibilities, and religion. “Diversity” is synonymous with “differentness,” and it is the wise employer who is sensitive to the variety of self-identifications that workers bring with them into the workplace. We move now to discussion of the human capital challenges that emerge as demographics change.

## HUMAN CAPITAL CHALLENGES

Three phenomena accentuate the dynamism of the public workforce. First, projections that predict steadily increasing changes in the workforce occasionally prove to be wrong, as in the case of plateaus. These occur when previously excluded groups make rapid gains, only to level off below predicted growth levels. The second phenomenon deals with job segregation, which sequesters “otherness” in some jobs while maintaining a traditional white male workforce in others. It remains to be learned whether these phenomena are due to hurdles too high to jump for job applicants, entry-level qualifications rife with unnecessary requirements, or social factors too elusive to understand. Suffice it to say that these groups represent potential recruiting pools. The third phenomenon deals with immigrants who are recruited to fill posts when the American labor supply is too short.

### Participation Plateaus

Participation rates do not follow an ever-increasing growth rate. For example, recent EEOC data reveal that women’s integration into the federal civilian workforce has plateaued, and participation rates for people with targeted disabilities lag well behind their availability in the population. Although the *number* of women in the federal workforce increased in fiscal year 2002, the *percentage* did not change significantly. The participation rate for women, 42.43 percent, was below the 1990 level of 45.70 percent. People with targeted disabilities have never reached 1.5 percent of the federal workforce. This is only one-quarter of the 5.95 percent estimated availability for such individuals. People with targeted disabilities would need to increase by 601 percent (129,147 individuals) to match the availability estimate. In fact, in fiscal year 2002, the percentage of people with targeted disabilities in the federal workforce decreased for the fifth consecutive year, and by 20.49 percent when compared with the relevant participation rate for FY 1993 (Equal Employment Opportunity Commission, 2003a).

In other words, there are cases in which the workforce stops short of being as diverse as predicted because change occurs in fits and starts rather than in a continuous climb. Also, for any number of reasons, some groups do not move into the workforce despite the presence of job protection laws. Whether this is a result of employer biases too subtle to be detected or self-selection on the part of applicants who anticipate rejection and are pessimistic about job opportunities remains to be learned.

### Job Segregation

Job segregation is found throughout the workplace and is obscured when employment data are studied in the aggregate. Data from the federal civilian workforce demonstrate this phenomenon. Although Table 7.3 leaves the impression

that the federal workforce is a fairly close approximation of the population, there are actually wide differences in the participation rates of certain groups among federal executive departments and independent agencies. For example, among agencies with five hundred or more employees, the Department of Justice (DOJ) is the largest employer of Hispanics. The department's 13,315 Hispanic employees represent 14.19 percent of the permanent DOJ workforce. The Department of Veterans Affairs (VA) is the largest employer of blacks; the 48,689 blacks in the VA represent 24.21 percent of the permanent VA work force. The VA employs 115,724 women, which is 57.55 percent of the VA's permanent workforce (Equal Employment Opportunity Commission, 2003a).

Segregation results from demographic clustering. It is partly due to the types of work performed. For example, in terms of gender, the 1963 Equal Pay Act made it illegal to label jobs as "men's jobs" or "women's jobs." However, notions of who is best at performing certain tasks lives on in the minds of both hiring authorities and job applicants. For example, emotive work, such as caring, negotiating, empathizing, smoothing troubled relationships, and working behind the scenes to achieve cooperation, are thought to be more *natural* for women and are required components of many women's jobs (see Guy and Newman, 2004). A representative workforce is expected in a government agency, and aggregate data often show that more than half of an agency's workforce is female. However, a closer examination shows that women are segregated in the lower-paid nondiscretionary positions while men are segregated in higher-paid posts with decision-making authority. A similar dynamic is at work with the other newcomers to the workplace who are not white males.

The workplace is a microcosm of cultural values and biases. Just as housing segregation contributes to the homogeneity of neighborhoods, job segregation contributes to the homogeneity of workers. Relatively few job categories are occupied in even numbers by women and men. As evidence of the undesirability of "women's work," women are more likely to work in "men's jobs" than men are to work in "women's jobs." Traditional women's jobs include a narrower range of occupations than men's, predominantly the clerical, secretarial, and low-end service occupations; as professionals, women are still most likely to be teachers or nurses, as they were a century ago. Classification and compensation schemes that are based strictly on labor market data reward traditional men's jobs with higher wages, more autonomy, and more discretion, while traditional women's jobs are accorded lower pay, less autonomy, and less discretion.

### Immigrants

Though often overlooked in discussions of diversity, the subject of government's reliance on foreign-trained physicians deserves mention as a human capital issue. Medical facilities operated by local, state, and federal governments have difficulty recruiting American-trained physicians. Governments turn to interna-

tional medical graduates (IMGs) to staff charity hospitals, state psychiatric facilities that house the chronically mentally ill, medical services in corrections facilities, and rural health clinics situated in undesirable geographical areas (Rosenblatt and Hart, 1999). A comparison of IMGs to physicians trained in U.S. medical schools found that IMGs worked more frequently in the public sector, treated significantly more African American and Hispanic patients, and received a higher percentage of their income from Medicare and Medicaid than U.S.-trained physicians (Blanco and others, 1999). Language barriers complicate communication between physicians, patients, and other medical staff. In this human capital challenges, issues involve recruitment, retention, language barriers, and citizens' perceptions of performance.

Despite the halting integration of some groups, the image of the workforce is changing from a uniform canvas to a collage. This complexity of composition requires adjustments in workplace habits. Sensitivity to the nuances that "otherness" brings extends beyond mere tolerance for colleagues of different races, cultures, native tongues, and backgrounds. For teams to function well, members must be able to see beyond skin color and stereotypes. Cultural differences and traditions must be incorporated into the workplace milieu.

## WHAT IS THE IMPACT OF DIVERSITY?

How can human resource managers capture, express, and advance the best spirit of diversity within their organizations, especially in the current context of downsizing and outsourcing? It is to this question that we now turn.

As the image of the workforce changes, so does the shape of the workplace. Hierarchies are giving way to flattened structures; individual effort is giving way to teamwork; the once universal "he" is becoming gender-neutral; racial intolerance is giving way to sensitivity; work habits are changing as information technology changes the way tasks are performed; and stereotypes about people with disabilities are being tested and found wanting. Team building becomes the norm rather than an innovation. The private lives of women and their public (workplace) lives are mixing as dependent care expands from being a family concern to also being the employer's concern. Interactions between men and women at work are becoming channeled into acceptable paths now that sexual harassment is legally actionable.

Diversity contributes to increased creativity, provides a wider range of perspectives, and guards against groupthink. It also brings new ideas and meanings and helps groups think "out of the box" when tackling problems. Graham Allison (1971) and Irving Janis (1972, 1982) demonstrated long ago that homogeneous work teams employ problem definitions that far too frequently begin with perfect rationality yet end in perfect failure. Without the broadened

peripheral vision that multiple viewpoints bring to a problem, homogeneous groups begin with a more limited scan of circumstances surrounding a problem. This results in errors in the early stages of the decision-making process that magnify at each phase, from problem definition to arraying alternatives to designing solutions. Heterogeneous groups start from a more varied set of assumptions. From a process standpoint, diverse groups require a longer start-up time as members grow comfortable working with one another; in the end, however, they produce better decisions because of the broader range of perspectives from which they start.

A diverse workforce results in an expanded appreciation for human capacity and individual differences; it also brings HR challenges. As much as employers would like the workplace to be “a peaceable kingdom” (Levine, 2003), it rarely is. Old-timers on the job have significant adjustments to make as newcomers look less and less like them. As agencies downsize and jobs become fewer, resentments build as employees who have been traditionally advantaged find themselves competing for jobs that in prior days would have come to them almost as entitlements. As women are promoted over men, as African Americans are promoted over whites, as Asians are promoted over Hispanics, jealousies increase and tensions rise. As disabled workers claim the right to reasonable accommodations, employers find themselves spending more time focusing on human resource issues than they had anticipated. These are but a few of the workplace challenges that are accompanying increased diversity.

One way to examine the issue is to learn whether discrimination complaints have increased or decreased. Table 7.7 shows the results of a survey of federal workers. Respondents were asked whether they had been discriminated against, and their responses show that worker perceptions of discrimination have re-

**Table 7.7. Percentage of Federal Workers Who Say They Were Denied a Job, Promotion, or Other Job Benefit Because of Unlawful Discrimination.**

Basis of Discrimination	1992	1996	2000
Race or national origin	12	15	12
Sex	12	13	11
Age	10	11	11
Handicap	3	2	3
Religion	2	2	2
Marital status	3	3	2
Political affiliation	2	3	1

*Source:* Adapted from U.S. Merit Systems Protection Board, 2003, p. 28.



mained fairly level for more than a decade. These numbers represent a glass that is either half full or half empty. On the one hand, they show that in the midst of increasing diversity in the workplace, there has not been a sharp increase in discrimination complaints. On the other hand, the numbers also reveal that there are enduring tensions that have not receded, despite increasing appreciation for diversity.

### The Integration of Differences

Increased diversity is not without drawbacks. Like a carefully guarded fort, the workplace opens its doors to the “other” ever so slowly. Advantage in a competitive environment is a zero-sum game. When there is one promotion to be had and one person lands it, the other does not. Affirmative action has come under fire in recent years as women and minorities have gained advantage, causing those whose advantage has diminished to cry foul. Accustomed to their advantaged status, traditional workers who lose to “others” attribute their loss to affirmative action and reverse discrimination, while successful “others” attribute their gains to hard work.

Diversity diminishes privilege that had been taken for granted by those in the traditionally advantaged group. For this reason, the entry of “others” into the workforce occurs not in a unilinear fashion but in a more halting pattern. Newcomers to the organization are encouraged until the complexion of the workforce has changed just enough that the advantaged group fear that “their kind” will soon be in the minority. Doors of opportunity swing shut while those in the majority accommodate to the changing faces. Recent resistance to affirmative action bears witness to this. Another issue is that diversity transforms the workplace through culture change. “Others” bring their own values, experiences, stories, and worldview into the workplace, gradually changing the dynamics of the work group and requiring changes in organizational processes.

**Fault Lines.** Increasing diversity brings opportunities for creativity but also for communication difficulties, disrupted organizational norms, and increased interpersonal conflict. Fault lines are dividing lines that split a group into subgroups based on one or more attributes. Demographic characteristics and differences in personal values have the potential to create fault lines that deepen when personal characteristics combine with racial, gender, or cultural differences. For example, if all women in a group are over sixty years old and all men are under thirty, the sex and age fault lines form a chasm, compared to when a group is simply made up of half women and half men, all of whom are of similar ages. The more distinct the fault line, the more divided the workplace becomes. Whereas diversity brings more perspectives and ideas to groups and is a source of innovation and creativity, fault lines exaggerate differences and introduce conflict. Due to diverse cultural backgrounds, managers and employees

may have different expectations about authority, work rules, and acceptable boundaries of dress, workplace behavior, and speech. Randel and Jaussi (2003) recommend that supervisors avoid fault lines by balancing team membership in such a way that radical dissimilarities are minimized.

Training programs that emphasize interpersonal skills, socialization of new employees into the organizational culture, and improving the language skills of foreign-born employees are helpful, as are reviews of existing codes of conduct. Over time, training, technology, and other shared experiences combine to build identification with the organization and to develop shared understandings. In the interim, organizational structures are needed that allow managers the flexibility to operate in the dominant culture and to manage the unique challenges that an ethnically and linguistically diverse workforce present.

**Superficial Versus Deep Diversity.** If demographic diversity is immediately recognizable, differences in personal values and temperaments take longer to assess. Superficial diversity diminishes over time as workers come to know one another as individuals rather than as members of a class. Deep diversity, however, develops over time as individual idiosyncrasies emerge. This explains why demographically diverse work groups typically require a longer start-up time than homogeneous groups. Once heterogeneous groups have worked together and developed a comfort level with one another, group output, in terms of creative and sound decisions, meets and then exceeds the output of homogeneous groups (Watson, Kumar, and Michaelsen, 1993).

### Legal Protections

Over the past forty years, a series of laws have been passed to ease the integration of “others” into the workforce and to move members of all groups closer to economic parity. Each of these laws was passed after significant pressure on Congress to level the playing field of job opportunity and to prohibit unfair salary disparities; denial of promotion opportunities; penalties for pregnancy, childbearing, and child rearing; and sexual harassment. The laws progress from insistence about equal pay or an equal chance for hiring and promotion to an understanding that women’s capacity to bear children must be incorporated into workplace practices and that women have the right to be treated with the level of respect accorded to male workers. In combination with one another, these laws serve as levers to pry open the doors of economic opportunity for “others” and to maintain reasonable working conditions once inside. Laws such as the Equal Pay Act of 1963, the Civil Rights Acts of 1964 and 1991, Executive Order 11375, the Equal Employment Opportunity Act of 1972, the Age Discrimination in Employment Act of 1967, the Civil Service Reform Act of 1978, the Pregnancy Discrimination Act of 1978, the Older Workers Benefit Protection Act of 1990, and the Family and Medical Leave Act of 1993 can be viewed as a collective

wind sock, indicating the necessity to open the workplace to a more heterogeneous workforce.

### Strategies for Capitalizing on Diversity

An increasingly heterogeneous workplace and an organizational culture that values diversity and tolerance combine to improve decision making, boost productivity, and enhance morale. Studies show that diversity leads to better organizational decisions—the greater the diversity of employees, the greater the diversity of ideas. For example, a 1993 study conducted at the University of North Texas pitted heterogeneous teams of business students unknowingly against all-white teams. By the end of the seventeen-week experiment, the diverse groups were viewing situations from a broader range of perspectives and offering more innovative solutions to problems (Rice, 1994).

The human resource manager can help create a work climate receptive to and respectful of diversity. Strategies that advance diversity at work include reliance on teams rather than hierarchy, cross-functional training that capitalizes on individual differences rather than specialization, broadening position classifications to provide maneuvering room to accommodate cross-functional performance, and a concomitant move away from viewing each worker with similar training as an interchangeable part on an assembly line. Moving away from one-size-fits-all job assignments, innovative city managers are experimenting with self-managed work teams and are reporting that such teams enhance worker satisfaction and productivity (Yang and Guy, 2004).

Capitalizing on diversity is a two-way street. Classification systems need to be broadened to allow for greater exercise of each worker's skills. Job redesign requires supervisors to think more globally about departmental operations. Capacity building is necessary to accommodate workers who do not fit easily into the pigeonholes of narrow classification and compensation systems of the past. As the wave of the future, broadening the scope of one's work calls attention to the importance of teamwork, flexibility, and reframing jobs. Workers who do not fit easily into prescribed roles may fit more easily into more broadly defined jobs.

## CONCLUSION

Diversity does not have to be a zero-sum game where one side wins and one side loses. Rather, it represents a gradual loosening of the old way of doing things and a move toward greater involvement of all segments of the population. To achieve diversity requires hiring and promoting the most capable candidates, being always mindful of the necessity to achieve a workforce that is representative of the citizens being served. The more productive workplaces will be those that adapt to the changing workforce and do away with the tradition of "one size

fits all” when it comes to job descriptions, traditional notions of work, and narrow job classification schemes.

HRM is the vehicle in each organization for changing power relations among groups of workers, leveling the playing field, and providing equal opportunity for the “other,” not just at the entry gate but at checkpoints throughout the organization. The pushing and shoving required to modify traditional work modes shows how entrenched the model of a homogeneous workplace is. The difference between capital resources and human resources is that capital, as an inanimate object, is far more predictable than human behavior. Whereas organizations own capital, they merely “rent” human resources to receive the benefit of workers’ labor. The impermanence of renting human assets drives the need to identify workplace variables that address worker needs and entice workers to stay rather than leave. Unlike buildings, equipment, and other capital investments, even the most productive worker may walk out the door at any time. Unlike other strategic assets, human assets can demand higher salaries, reject supervision, or become unmotivated.

Recruitment strategies need to be inclusive. Human resource managers broaden candidate pools by advertising on Web sites and in publications that target diverse applicant pools. Managers who scrutinize their selection processes, especially job requirements and testing, ensure that protected groups are not inadvertently or disproportionately screened out during the hiring process (Nobile, 1991). Once on board, workers’ skills and perspectives must be brought to bear to achieve the organization’s goal. To merely hire a “representative workforce” and then insist that all organizational processes be conducted in the future exactly as they were in the past is to overlook an armament of untapped resources.

As the pace of decisions speeds up, job opportunities proliferate, and high-skilled workers become scarcer, job satisfaction is an essential ingredient for retaining workers. A number of variables are now receiving added attention because of their impact on an employee’s decision to stay or leave, including employee participation in decision making, recognition, fairness, satisfaction with coworkers, and a sense of being part of a team.

Options for flexible work schedules—once nonexistent—have become a reality, with benefits for workers and employers alike. Job sharing, compressed workweeks, temporary assignments, reduced hours, telecommuting, and flextime have provided employees with the means to realize a better balance between work and family and an opportunity to engage simultaneously in more than one endeavor (school and work, two careers, work and leisure). Simultaneously, it provides a means for employers to hire employees who would not otherwise be able to meet a traditional workday.

In the long run, diversity brings cultural change. For human resource managers, this means that there will be tension as practices shift and workers make

room at the table for others who are different from themselves. Training in tolerance and sensitivity to differences are the foundation on which any formal workshops on compliance with equal opportunity laws should be built. Formal laws, regulations, and policies to eliminate discrimination or voluntary strategies for encouraging diversity are necessary but not sufficient to address the problems and opportunities of a pluralistic workforce. Proactive human resource managers serve as change agents for a workplace that embraces diversity as a central value. A managerial philosophy that embraces diversity helps diminish the tension that arises naturally from change.

Promotion from within is an effective way to signal the importance of diversity. Promotional policies should be reviewed and promotional statistics monitored to ensure that all groups are advancing throughout the organization (Nobile, 1991). Performance appraisal and reward systems should reinforce the importance of effective diversity management. It is important to realize that traditional assessment tools may have limited utility for evaluating people who are different from the evaluator (Galagan, 1993). Changes in human resource policies and benefits plans that make it easier for employees to balance work and family role demands are essential. So is ongoing training. For example, training to confront issues concerning the employment of workers with disabilities begins with the preparation of detailed job descriptions for each position. Mentoring programs that target women and minorities serve to connect “outsiders” with the informal networks of organizations, and they facilitate career advancement in the process. By establishing recognized mentoring relationships, up-and-comers who in the past had been overlooked for leadership positions are groomed for promotion.

Following these collective recommendations can help create an environment that develops the full potential of all members of our diverse population and achieves strategic advantage in the process. They ensure that diversity is managed not at the edges but in the mainstream of an organization’s operations—that the philosophy of diversity is woven into the basic fabric of organizational life.

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# Managing an Aging Workforce

## *Trends, Issues, and Strategies*

Jonathan P. West

A spate of recent publications have speculated about the impact of the aging of the baby boomers, the generation born between 1946 and 1964, the oldest of whom turned fifty-five in 2001 (see, for example, Adelsberger, 1998; Lane, Wolf, and Woodard, 2003; National Commission on Public Service, 2003; Solomon, 1995; Zak Figura, 1999). The impact will not be limited to the health care and leisure industries (Posner, 1995). As 76 million boomers enter the ranks of older workers—defined by the Bureau of Labor Statistics (BLS) as workers fifty-five years old and older—the workplace will be influenced in many ways, and these influences will be felt in government settings at all levels (Elliott, 1995; Moody, 1995; West and Berman, 1996b; Lewis, 2003). By 2006, fully 15 percent of the U.S. labor force will be fifty-five or older. There are numerous myths and stereotypes surrounding the effects of the aging process and the capabilities of older workers, and government jurisdictions have traditionally done little to combat these erroneous perceptions, to identify the particular needs of older workers, or to tailor programs that meet their array of concerns. This is likely to change, albeit gradually, in the future; indeed, it is already changing in innovative jurisdictions that are out front in responding to this emerging human resource issue (Roberts, 1995; West and Berman, 1996b; Lane, Wolf, and Woodard, 2003).

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This chapter describes the demographic trends and economic restructuring initiatives that compel interest in the issue of older workers, arguing that this back-burner issue is moving to the front burner and will continue to do so in coming years. It explores the myths and realities and the legal concerns surrounding this segment of the workforce and examines management strategies for creatively coping with aging workers' special needs. It also discusses the results achieved and barriers encountered when managers respond to older workers' concerns, and it presents selected case studies of targeted efforts that offer practical guidelines for those concerned with innovative human resource management.

## TRENDS

### Demographic Developments

The graying of America is highlighted by key demographic facts. In 1990, there were 31.2 million people who were sixty-five years or older; by 2000, this number had increased to 35.0 million, a 12 percent increase. The number of Americans in the forty-five to sixty-four age group increased by 34 percent during the decade.

The number of Americans over sixty-five has increased elevenfold since 1990 (from 3.1 million to 35.0 million), and the percentage of Americans over sixty-five has more than tripled (4.1 percent in 1990, 12.4 percent in 2000). These trends are expected to continue in the future, with the biggest spurt anticipated when the baby boom generation turns sixty-five, between 2011 and 2029. By 2030, there will be 70 million Americans sixty-five and older; 8.9 million will be eighty-five and older (Administration on Aging, 2002).

These general population trends are mirrored in the aging of the U.S. workforce. As noted, the first wave of baby boomers turned fifty-five in 2001, qualifying as older workers according to the BLS definition. The labor force participation rate of the fifty-five-plus segment of the workforce is projected to grow by 5.5 percentage points in the decade from 1998 to 2008 (Dohm, 2000). Over 4.3 million Americans (13.1 percent) aged sixty-five and over were in the labor force (working or seeking employment) in 2001. In 1998, the median age of workers was 38.7 years; the projection for the year 2008 is 40.7 years (McClellan and Holden, 2001). The future portends major manpower shortages, with only 56 million baby busters (born between 1965 and 1976) available to replace the 76 million baby boomers (Solomon, 1995). In short, the next decade will see the number of older workers increase substantially as the number of younger workers decreases significantly. These trends present challenges and opportunities for managers who must harness and effectively channel the talent, experience, and knowledge represented by older workers.

## Economic Restructuring

Economic and social trends add to the challenge and strategic complexity of responding to an aging workforce. For example, over 4.3 million jobs vanished in the United States between 1979 and 1996, and three-fourths of all U.S. households “had a close encounter with layoffs” between 1980 and 1996 (Editors, 1996, pp. 4–5). Older workers have been hit especially hard. Five private sector trends affecting all jobs but resulting in disproportionate displacement of older workers were identified in a 1995 report by the AARP (formerly known as the American Association of Retired Persons; see also Reich, 2000).

1. A combination of rising global competition, slow economic growth, and demands by consumers for better value for dollars spent and by Wall Street for better short-term performance has exerted downward pressure on corporate profits.
2. Strategic responses to lower profits have focused on cost cutting, primarily reductions in force (RIFs), downsizing, and reduced benefit packages.
3. Most newly created jobs in the era of downsizing have been low-wage service sector positions or knowledge jobs requiring advanced training.
4. An emphasis on the bottom line and pragmatic approaches has accentuated workplace upheavals associated with downsizing, rightsizing, reengineering, and restructuring.
5. Long-standing notions of paternalism (which offered job security, seniority, and income and benefits growth) have been supplanted by a corporate culture of expendability.

In the “new organizational reality” that has emerged, “organizations that once saw people as assets to be nurtured and developed have begun to view those same people as costs to be cut. Employees who took job security for granted and expected to be taken care of in return for their work and loyalty have had to face a new reality in which organizations can no longer provide long-term employment or career paths” (Noer, 1993, p. 1). A *New York Times* series on corporate downsizing and some Kettering Foundation studies have increased public awareness of these issues and their effects on older workers (Editors, 1996; Yankelovich, 1995). One quick fix to increase corporate profitability has been to reduce labor costs by replacing older, higher-paid workers with younger, cheaper workers. But such actions are not without painful consequences. Research has documented that compared to younger workers, older workers who are displaced or considered expendable remain out of work for longer periods, have greater difficulty finding replacement jobs, and encounter more problems when changing fields. They also experience a greater loss of

earnings when subsequently employed (Love and Torrence, 1989; Morris and Caro, 1995). Surveys of human resource decision makers indicate that the plight of older workers as a result of downsizing has been devastating, marked by feelings of fear, resentment, and worry about stagnant wages and diminished benefits (AARP, 1995).

Restructuring and downsizing have also become part of the new reality in the public sector, albeit less drastically. From 1979 to 1993, some 454,000 public service jobs disappeared, although many of them continue to exist in the private sector due to outsourcing (Editors, 1996). Subsequent reforms by Presidents Clinton and Bush led to additional losses of public service jobs. Such concepts and euphemisms as “cutback management,” “RIFs,” “reengineering,” “productivity improvement,” “privatization,” and “doing more with less” have become commonplace in the public sector at all levels. President Clinton declared that “the era of big government is over,” and outsourcing actions by President Bush and executives at all levels have continued to scale back the size of many government agencies (Suleiman, 2003). A persistent culture of protectionism, reinforced by civil service provisions and union contracts, while challenged by the need for greater flexibility to pursue post-9/11 antiterrorist initiatives, has slowed the pace but not diminished the ardor of the advocates of cost-cutting personnel reductions (Bilmes and Neal, 2003; Pfiffner and Brook, 2000). Although firing workers with tenure, seniority, and bumping rights over other workers is difficult, use of early retirement incentives, buyouts, privatization, flexible civil service reforms, part-time or lower-paid workers, and other strategies can reduce the size of the payroll and the complexity of operations. Given these environmental pressures to downsize and institutional safeguards that make such downsizing difficult, government managers must decide whether to support workforce reductions and, if so, whether older workers should be among the expendables. In this context, the myths and stereotypes regarding aging and its link to performance take on new importance.

## ISSUES

### Myths and Stereotypes Versus Results

Some of the myths concerning aging and the competence of older workers have been debunked in the professional and academic literature; others persist. Myths and stereotypes are important because they can guide actions. When managers hold stereotypical views of older workers, their responses can be inappropriate and counterproductive. Similarly, policies based on erroneous ideas can debilitate worker performance and morale. Some of the most commonly expressed myths and stereotypes regarding older workers assert that compared to younger workers, they are less flexible and more resistive to change, unable to get along

well with others, unwilling or unable to learn new skills, eager to retire as soon as possible, less productive, more prone to frequent absences from work, more susceptible to work-related stress and accidents, more expensive, averse to new technology, less viable for development, less likely to be available over time (because they have the option to retire), and not as “with it” as their younger coworkers (AARP, 1993; Blocklyn, 1987; Buonocore, 1992; Galen, 1993; Nelton, 1993; Rosen and Jerdee, 1976; Wooldridge and Maddox, 1995).

These myths have been challenged and in several instances refuted by empirical research, survey findings, and organization-specific experiences of informed observers. The literature supports a number of counterassertions about older workers, stressing that compared to younger employers, they have lower rates of absenteeism, fewer accidents, and less alcoholism and drug addiction; show few or no differences in adaptability and productivity; experience less stress at work; often cost their employers less; and have lower turnover rates. They also tend to arrive at work on time or early; receive high ratings on job skills, loyalty, reliability, maturity, interpersonal relations, and a strong work ethic; and benefit from training and education. Further, older workers sometimes take longer to learn certain skills, but their learning capabilities are similar to those of younger workers when training methods are calibrated to their unique learning styles (AARP, 1993; Gilsdorf, 1992; Hagen, 1983; Kaeter, 1995; Palmore, 1990; Rosen and Jerdee, 1989; Shea, 1991; Strouse, 1995; Wooldridge, 1995).

Although it is difficult to sort out the validity of claims and counterclaims, it is important to recognize the negative consequences of stereotypical thinking. Both managers (especially those in the human resource field) and first-line supervisors need to be alerted to the misconceptions that exist regarding aging in general and the effects of aging on older workers in particular. Research in the mid-1970s on managerial stereotypes by Rosen and Jerdee (1976) found that managers viewed older workers as change-resistant, uncreative, slow and cautious at making judgments, lower in physical capacity, disinterested in technological developments, and untrainable. Research in the mid-1980s found age stereotypes to be so ubiquitous that even personnel managers had them (Beutell, 1983). Clearly, managers and supervisors need to be educated “to view older workers as a valuable asset rather than a liability” (Snyder and Brandon, 1983, p. 47). Many of today’s human resource managers already hold more enlightened views—valuing older workers “for their experience, knowledge, work habits and attitudes” (Bove, 1987, p. 78). Indeed, research in the mid-1990s found that overwhelming majorities of human resource people felt older workers possess good attendance and punctuality, commitment to quality, solid performance records, loyalty and dedication, practical as well as theoretical knowledge, ability to get along with coworkers, solid experience in their job or industry, and emotional stability (Solomon, 1995). Myths and stereotypes are diminishing, but they have lingered longer than is justified by the facts.

Workshops for supervisors are one effective way to confront stereotypes about aging. Kaminski-da Roza (1984) describes an example from a large research and development laboratory that sponsored a workshop on optimizing older workers' productivity. One component of the twelve-hour workshop addressed age stereotypes by (1) having supervisors examine their assumptions, communication patterns, tools, reports, assignments, and overall treatment of employees with regard to age-related stereotypes; (2) having both younger and older workers evaluate supervisors in terms of their use of stereotypes about aging; and (3) having supervisors subject stereotypes to reality testing (asking, for example, "Are employees over fifty really retired on the job?"). Workshops of this type can lead to appropriately customized action steps for supervisors to follow in enhancing the older workers' contributions.

### Legal Concerns

The passage of the Age Discrimination in Employment Act (ADEA) in 1967 and its amendments in 1986 gave managers another reason to examine their attitudes, policies, and practices regarding older workers. The ADEA's purpose is to get employers to make decisions based on employee or applicant qualifications and to discourage the use of ageist assumptions. The ADEA protects workers aged forty and over from workplace discrimination in hiring, promotion, training, and retirement and from unfavorable actions with regard to pay, working conditions, or terms of employment. The ADEA applies to private sector firms with twenty or more employees and labor unions with twenty-five or more members as well as federal, state, and local government employers. In 1990, further protection was provided with the passage of the Older Workers Benefit Protection Act, which amended the ADEA and prohibited employers from denying benefits to older workers. Most states also have their own laws protecting older workers from age discrimination.

Enforcement of the ADEA was initially handled by the Wage and Hour Division of the Department of Labor but subsequently shifted to the Equal Employment Opportunity Commission (EEOC). Excellent guides are available to assist older workers who wish to take informal or formal action against age discrimination (see, for example, AARP, 2002). In assessing the potential impact of the ADEA, demographics once again become important. Table 8.1 shows the percentage of workers aged forty-five and older at each level of government and in the private sector as well as the percentage of workers under thirty-five in these categories. The overall percentage of government workers aged forty-five and up is 46.5 percent, in contrast to the comparable figure for the private sector, 31.2 percent. The federal government has the highest proportion of older workers, followed by local government and then state government. Similarly, the overall percentage of government workers under thirty-five is 31.2 percent, in contrast to 43.2 percent in the private sector. Once again, the federal government has the

**Table 8.1. Percentage of Younger and Older Workers in the United States, by Level of Government and Sector, 2001.**

	Percentage of Workers Aged Forty-Five or Older	Percentage of Workers Under Thirty-Five
All government	46.5	31.2
Federal	50.3	21.9
State	44.6	31.5
Local	46.3	26.9
Private sector	31.2	43.2

*Source:* Adapted from Abbey and Boyd, 2002.

lowest percentage of younger workers, followed by local government and then state government. Because it is not unusual for public sector workers to be in the forty-five and older age group, it is incumbent on management to give careful consideration to developing strategies that address the needs of this critical workforce segment. With significant numbers of federal, state, and local government employees aged forty-five and up, the antidiscrimination provisions of the ADEA that stress the continued employment of qualified workers over forty become especially relevant to human resource and other public managers.

Managers should not only keep abreast of statutory law but also be mindful of court decisions in this area. For example, in a recent Supreme Court case, *Kimmel v. Florida Board of Regents* (528 U.S. 62, 67, 2000), Daniel Kimmel, an elderly employee, faced age discrimination and sued the Florida university system under the ADEA. The Florida Board of Regents argued that citizens could not sue states in federal court because it violated the state's sovereign immunity. The Supreme Court agreed, holding that Congress cannot force the states to abide by the ADEA and potentially other civil rights statutes. Although thorny legal issues remain, this case calls into question the ability of federal law to curb discriminatory actions by state governments. However, states often pass their own legislation to protect against discrimination based on age.

Notwithstanding the *Kimmel* case, managers need to be vigilant to avoid potential liability under the ADEA or state law and to conform to both the letter and the spirit of such legislation. Age-related discrimination has been detected in the areas of hiring (for example, rejecting applicants for age-related reasons), promotion (advancing younger candidates over older or more qualified ones), training (excluding older workers from training or retraining), reductions in force (terminating or forcing retirement of older workers exclusively or dispro-

portionately), termination (linking firing decisions to declining performance or medical problems tied to age), and other aspects of personnel management. Managers must take care not only in what they do but also in what they say. Snyder and Brandon's sage advice is "to sensitize all managers to the fact that any type of age reference, even in informal conversation, may have a negative impact on the organization's position" in an age discrimination suit (1983, p. 41). The bulk of age discrimination charges filed against state and local governments in past years, according to the EEOC (Ester Cosby, personal communication, 1995), were in the areas of hiring and discharge, terms of employment, harassment, wages, layoffs, and retirement and pensions. A 1995 survey of cities with more than fifty thousand residents (West and Berman, 1996a) found a similar pattern of age discrimination complaints reported by city managers. Thus in addition to myriad demographic, social, and economic challenges, managers of older workers must be aware of the legal requirements and tread cautiously to avoid lawsuits arising from age-related missteps.

## **MANAGERIAL STRATEGIES**

What are some managerial strategies that will sidestep legal and fiscal pitfalls and still respond to the legitimate needs of older workers? This section singles out five strategic categories for examination: succession planning, supportive workplace relations, training, career development, and performance appraisal.

### **Succession Planning**

Characterizations of the federal civil service have escalated in their prognosis from "quiet crisis" (National Commission on Public Service, 1989) to a "system at risk" (Lane, Wolf, and Woodard, 2003; Blunt, 2002b). Indeed, in 2001, U.S. Comptroller General David M. Walker elevated human capital to the General Accounting Office's list of "high-risk government operations," stating that agencies risk mission failure when they lack a focus on human capital development. One reason for this escalation and elevated risk is concern about potential "human capital drain" from the loss of growing numbers of retiring workers (Davidson, 2002). In 2001, nearly three-fourths of the federal workforce was over the age of forty (Saldarini, 2001). In 2002, the modal age of federal employees was fifty-five (Lewis, 2003). This creates a "catch-22" situation, according to the National Commission on Public Service (2003), with experienced workers retiring or leaving government service and the replacement pool drying up.

Anticipated retirements and restive workers portend significant changes in the federal government workforce. Current estimates are that 70 percent of federal civil servants are eligible for retirement between now and 2011. The same



proportion of Senior Executive Service appointees are eligible for retirement in 2005. Similarly, half of the workers in GS 13–15 grades and more than a third of the rest of the civil service will be eligible for retirement by then (Bilmes and Neal, 2003). Were actual retirements to match these projections, there would be justification for the “system at risk” prognosis. The loss of institutional memory, expertise, leadership, continuity, and know-how will hit some agencies harder than others. For example, 22 percent of civil service employees in the State Department will turn sixty by 2007 and an additional 20 percent will reach sixty in the five years after that (Davidson, 2002).

Retaining and motivating existing employees is a twin to the challenge of replacing retiring workers. A recent governmentwide survey by the Office of Personnel Management found that more than a third of the one hundred thousand federal civil servants surveyed indicated they were thinking of leaving their jobs, and about half of these indicated plans to retire within three years. Many of these workers did not feel “connected” with their jobs; however, the main problem was not pay, benefits, or job significance. What was missing was incentives to motivate excellent performance: fewer than half of the respondents indicated satisfaction with recognition for superior performance, and fewer than a third thought award programs offered meaningful incentives. Management was not perceived to deal effectively with poor performers (27 percent agreed), and leaders failed to spur high motivation among employees (36 percent agreed) (Lee, 2003).

Given these changes in the composition and motivation of the federal workforce, it is important to consider the effort agencies are undertaking to plan for and manage their human capital. Although the downturn in the economy in the early 2000s temporarily eased the workforce crisis by reversing the retirement decision for some employees (Kauffman and Losey, 2003), it did not lessen the need to engage in workforce planning for the future, especially in a competitive labor market. More specifically, succession planning to assess and improve “bench strength” is clearly needed. It helps ensure that the right person is “in the right place at the right time for the right job” (Roberts, 2002, p. 91). More specifically, succession planning is a process to recruit employees; develop their knowledge, skills, and abilities; and prepare them for advancement. It enables organizations to retain more workers and to gain a return on their training investment. The Office of Personnel Management (2003) provides technical assistance to agencies at each step in the succession-planning process:

- Develop a communication strategy
- Identify expected vacancies
- Determine critical positions
- Identify current and future competencies for positions



- Develop a recruitment strategy
- Create assessment and selection tools
- Supplement HR functions (active recruiting, staffing)
- Identify gaps in current employee and candidate competency levels
- Develop individual development plans for employees
- Develop and implement coaching and mentoring programs
- Assist with leadership transition and development
- Develop an evaluation plan for succession management

Notwithstanding the importance of succession planning and available assistance, surveys of senior executives conducted in 2000 indicated that their agencies had no formal succession-planning program to replace experienced senior executives (O'Hara, 2000).

The good news is that some agencies are taking creative steps in succession planning. Table 8.2 is a summary of "best practice" efforts by selected federal agencies to prepare a new crop of managers and employees to take over when aging workers retire. The range of strategic initiatives includes such things as mentoring, identifying skills, career development, training, and management development (Ziegler, 2003). In addition, the General Accounting Office (1999) offers a checklist that can help in assessing agency workforce needs, the National Academy of Public Administration (2000) has compiled a strategic workforce planning guide, and the Office of Personnel Management has developed a workforce succession model to help agencies compare their situations with other agencies and industries (Trimble, 2000).

The federal government is not alone in needing to anticipate the skill gaps resulting from the retirement wave: state and local government officials face a similar challenge in planning for and managing their graying workforces. Practical examples of succession planning in local government can be found in published case studies (see, for example, Schall, 1997; "Planning + Learning," 2003). Schall's research, based on experience in the New York City Department of Juvenile Justice, identified some traps to be anticipated and avoided in succession planning (Schall, 1997, p. 6):

- A leader reluctant to take on the succession planning task
- A leader assuming that succession planning is not within the scope of his or her work
- Improperly framing the succession task (replacing personnel or strategic "positioning")
- Inadequate information about how to do succession planning

Table 8.2. Best Practices in Federal Agency Succession Planning.

Strategy	Department	Succession-Planning Initiatives
Leadership	Labor	Monthly progress reports provided to the secretary on early retirement, candidate development, and performance management programs
Identifying skills	Environmental Protection Agency	Discovery of skills that are most important for EPA employees based on interviews with three hundred members of Congress, corporate CEOs, and public interest groups; used this information to focus its recruitment and training programs; integrated skills inventory with twenty-two agency business lines
Recruitment	NASA	Recruits from education programs of sponsors and shortened hiring process so it could offer jobs immediately at recruitment fairs
Recruitment	State	Raised its participation in the Presidential Management Intern program from fifteen or fewer in 1999 to fifty to fifty-five in 2002
Mentoring	Transportation	Instituted a pilot mentoring program that prepares mid-level managers for executive positions; focuses on enhancing professional skills
Mentoring	Forest Service	Brings back some retired workers as mentors
Career development	Air Force	Officer career and educational paths tailored to broaden knowledge and perspective and develop pools of talent in critical areas
Training	Energy	Works closely with universities to bring in graduates and train them to replace those who will be retiring
Training	Housing and Urban Development	Operation Braintrust trains employees set to retire in public speaking; they then are matched with younger workers in their specialty and give lectures in classrooms or in broadcasts disseminated over the Internet; Webcasts are archived
Management mobility	Environmental Protection Agency	Senior executives take a variety of assignments to gain a wide-ranging set of skills and expertise
Case studies	Office of Personnel Management	Disseminates case studies of successful succession plans

Table 8.2. Best Practices in Federal Agency Succession Planning, Cont'd.

Strategy	Department	Succession-Planning Initiatives
Electronic database	Defense	Creates electronic databases to help new workers find necessary information quickly without having to sift through files
Master forums	NASA	Uses forums and online newsletters to record and spread the knowledge of experienced employees
Storytelling	Veterans Affairs	Videotapes retiring workers reflecting on their careers, discussing their influences and values, and passing on knowledge the next generation should have

Sources: Adapted with permission from Ziegler, 2003; Davidson, 2002; Losey, 2002; and Staimer, 2003.

Other traps have been identified by surveys of HR professionals (“Exclusive Survey,” 2003):

- Excessive costs or lack of resources (people away from jobs for training, low-priority issue, difficulty getting information into human resource information systems, thin organizations)
- Too many other time or work demands (time-consuming mentoring and planning process, concentrating on short-term versus long-term needs)
- Difficulty overcoming resistance, office politics (favoritism concerns, competing for top management’s attention)
- Need for improved performance management (clarifying what “success” and “potential” look like, automating the performance review process)

### Supportive Workplace Relations

Three types of strategies fall under the rubric of supportive workplace relations: those dealing with stress and health, alternative work arrangements, and retirement (Dennis, 1987). Older workers face certain unique stressors (for example, caregiving responsibilities) that can adversely affect performance at work. Organizations that offer in-house stress management or referrals via employee assistance programs help employees manage stress before it erodes productivity. Older workers also benefit from employer-sponsored health or wellness programs that foster proper nutrition, sensible exercise, appropriate drug use, and relaxation instruction (Tager, 1987). Such employer-sponsored initiatives help young and old employees alike but may be especially helpful to aging workers if they address special needs (for example, health screening and blood pressure monitoring).

Alternative work arrangements, a second form of supportive workplace relations, provide work flexibility and balance organizational and individual needs. A menu of arrangements helpful to older workers might include leave policies (parenting, elder care), job modifications (transfer, rotation, and redesign), part-time work schedules (job sharing, phased retirement, rehiring retirees part-time), workstation and workplace modifications (equipment redesign, adaptation to functional losses), flextime, and volunteer opportunities for retirees. Many items on this menu benefit old and young workers; others target specific needs of mature employees. The final set of supportive workplace relations pertains exclusively to older workers and deals with pension planning and early retirement incentive programs. By providing assistance in pension planning, employers help employees consider their long-range financial needs while they still have time to take appropriate steps to ensure security. Early retirement incentives sometimes go hand in hand with downsizing, but they do provide both an inducement and a buffer against more painful forms of job loss.

### **Training**

Organizations may be reluctant to train older workers (Rosen and Jerdee, 1985; Sonnenfeld, 1978), and mature employees may be hesitant to avail themselves of training opportunities (Sterns and Doverspike, 1987). Fear of failure or anxiety about competing with younger coworkers might explain this reluctance of seasoned employees to become trainees. Employers can make training more palatable to such employees by adapting it to adult learning styles. Such adaptations might require organizing information in a more logical sequence, allowing trainees more time to digest information, encouraging trainee participation, and emphasizing the familiar when presenting material (Van Wart, Cayer, and Cook, 1993). Knowles and Associates (1984) suggest additional modifications that will add to adult training efficacy: altering the physical design and ergonomics of the training setting to achieve a comfort level promotive of learning; incorporating experiential teaching techniques rather than traditional lecture methods; acknowledging the valuable contributions adult learners can make to the learning process; and understanding how mature trainees' career stage may influence their willingness to learn. Making training widely available and adapting it to adult learning styles will signal management's recognition that mature workers are among the valuable assets the organization wishes to nurture and encourage.

### **Career Development**

Creating an effective workplace involves cultivating a learning environment; indeed, continual learning opportunities are crucial to the cutting-edge management tools of Total Quality Management and process reengineering. Organizations can facilitate such opportunities by helping employees assess their skills, knowledge,

and abilities (SKAs); analyzing the task-SKA mix; and providing opportunities to develop new SKAs. Employers can encourage employees to design annual development objectives and can provide stimulating work assignments, institute mentor programs matching experienced with less experienced workers, and enrich job content (Blunt, 2002a; West and Berman, 1993, 1995; Wolf, Neves, Greenough, and Benton, 1987). Such initiatives are valuable to younger and older workers alike. Career planning, revitalization, and counseling support for older workers is vitally important if they are to avoid career plateaus and SKA obsolescence. Yet organizational decision makers may erroneously conclude that investments in mature workers will bring insufficient performance benefits to the employers. Such judgments may be based on two questionable assumptions: that most of these workers will retire soon and that short-term benefits won't repay the expenditure. Enlightened managers and policymakers will avoid such shortsighted thinking.

### Performance Appraisal

To be fair to older workers, managers should use objective performance appraisal methodologies that are valid, reliable, and free of age bias. Careful job analysis and clear, valid performance standards can help ensure that performance appraisals are reasonable and job-relevant (Lovrich, 1995). Proficiency testing is a useful tool to assess current SKAs and supplement on-the-job performance ratings (Davis and Dotson, 1987). In contrast, chronological age is a poor predictor of job-related performance and, under the ADEA, an illegal basis for personnel decision making (AARP, 1994, 2002). Nonetheless, age-related stereotypes persist among supervisors, who may require training to sensitize them to problems of rater bias and encourage them to use objective, age-neutral appraisal criteria.

Some age discrimination litigation has rested in part on smoking-gun phrases that managers have used in assessing employee performance: "you can't teach an old dog new tricks"; "you are too damn old for the line of work you are in"; "it would be cheaper to replace you with a younger worker"; "we need to get some 'young blood' in this organization." Managers have referred to older workers as "deadwood" and have suggested the need for "old-coot hatcheting." Such statements have been offered as proof of prejudice against older workers. Posner (1995) identified two types of prejudicial ageism: *animus discrimination*, which is a "systematic undervaluation" of the vocational capabilities of older workers, motivated by "ignorance, viciousness, or irrationality" (p. 320), and *statistical discrimination*, which occurs when managers rely on stereotypes, attributing "to all people of a particular age the characteristics of the average person of that age" (p. 322). The first type is less common than the second. An example of the second type is found in the case of *Liebovitch v. Administrator, Veterans Administration* (33 FEP 777, D.D.C. 1982) in which "the court reasoned that the

supervisor's opinion of the employee's performance appeared to be derived more from a preexisting expectation of the capabilities of a 60-year old person than from a fair evaluation of the plaintiff's actual skills" (Miller and Schuster, 1990, p. 560). Plaintiffs who have evidence that managers acted on such misperceptions in evaluating performance can use this information in pressing their age discrimination cases. Managers must avoid actions based on stereotypes and smoking-gun language reflecting ageism.

## ACCOMPLISHMENTS AND BARRIERS

Research on the accomplishments of private and public organizations in addressing older workers' needs and concerns shows mixed results. National survey data from the private sector show a gap between policies toward older workers that personnel managers thought should be in place and those actually in place in surveyed companies. Theorists have speculated that because companies have not yet experienced the full impact of the related demographic trends, they are not proactively seeking to prevent problems (Commerce Clearing House, 1988). Waiting for the problems to become more severe is not only characteristic of the private sector but also reflected in national and state surveys of the public sector (Roberts, 1995; West and Berman, 1996b). Similarly, an aspiration gap—defined as “the difference between policies and practices currently in use (reality) and the percentage of organizations reporting that important improvements are required (aspiration) in a particular area in the next five years” (West and Berman, 1996b, p. 50)—has been noted in public organization initiatives where the need for future improvements beyond past accomplishments is greatest: adapting performance appraisals to the older workers' needs, adopting older worker policies, providing outplacement assistance, and using third parties (mediators or arbitrators) in age discrimination suits.

Notwithstanding such aspiration gaps and a general reluctance to act aggressively with a multifaceted strategy, there is evidence of progress and accomplishments. West and Berman (1996b) asked city managers an open-ended question about their cities' greatest accomplishments to date with older worker programs. Among the most frequently mentioned achievements were treating all employees equally and fairly regardless of their demographic groups, retention of older workers, reemploying retirees in full- or part-time work, well-funded retirement and benefit plans, early retirement incentive programs, and active volunteer efforts. This survey and other published surveys report the frequency with which public and private organizations use particular human resource management strategies to address older worker needs, and usage patterns show considerable variation. Several reasons are offered to explain the mixed record of accomplishments. Barriers that are difficult for city governments to circumvent include lack of resources (funds, staff) and lack of will (awareness, interest, priority), reflecting the fiscal

squeeze and the tendency to delay action until serious negative consequences occur. Exhibit 8.1 presents some samples of the achievements and obstacles described by city managers during the West and Berman survey.

Despite such barriers, some jurisdictions have been more successful than others in effectively managing aging employees. Case studies provide concrete examples of success in meeting the needs of older workers. The three specific cases offered in the following sections illustrate creative efforts at training adults by the Wackenhut Training Institute; preretirement planning in the city of Tacoma, Washington; and mobilization of retirees in Fort Myers, Florida. They show creative ways to effectively use current older workers, soon-to-retire workers, and already retired potential workers.

## CASE STUDIES

### Wackenhut Training Institute

The Wackenhut Corporation frequently negotiates contracts with the public sector to provide security officer services. The Wackenhut Training Institute (WTI) bases its officer training on the adult learning model of *andragogy*, which encompasses four tenets: adults prefer self-directed learning, they bring unique life experiences to the learning process, their readiness to learn is linked to what they consider relevant, and they seek immediate application of newly acquired knowledge. This adult learning model is used by WTI to develop security officer training programs that include the following five elements (Goodboe, 1995):

1. Preassessment of the learning styles of security employees, using tests to assess preferred methods of information processing. Results have indicated a preference for instruction that emphasizes the “why” of learning, real-world applications of newly acquired knowledge, logical sequencing of subject matter, and active participation in the learning process.
2. Instructional materials such as guides, self-study workbooks, and handouts that present information in a structured, logical format and make clear the students’ responsibility in the learning process. Interactive exercises, role-plays, and self-quizzes involve the learner and provide quick feedback.
3. Instruction for trainers in how to facilitate learning by moving away from exclusive reliance on traditional “I’ll talk, you listen” lecture methods.
4. Development of student-teacher learning contracts, in which trainees agree on the action plans they will use to apply learned concepts in workplace settings.
5. A cost-benefit approach to training evaluation, using student critique sheets that ask trainees whether they feel like participants in the learning program, whether the material is validated by their experiences, whether the material is relevant to their needs, and whether they feel the concepts taught were applicable to their security role.

### Exhibit 8.1. City Managers' Descriptions of Achievements and Obstacles.

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#### Management Accomplishments

"Early Retirement Programs—Needed to downsize. Two thirds went out under ERP. Remainder laid off. One of 156 filed suit. Program was successful."

"Placing displaced workers in funded, vacant positions."

"Following the letter of the law on ADEA and offering pre-retirement and financial planning (mostly attended by older workers). We have a very thorough and aggressive wellness program integrated into our benefits package that has a very positive impact on older workers."

"Job redesign and job transfer programs for older workers. Older workers can remain on the job longer and continue to be productive."

"Our willingness to adapt work environments to older or disabled employees."

"Working with the local AARP for part-time workers as needed."

"Providing a workplace relatively free of age bias."

"Liberal retirement benefits and continuation of medical insurance benefits on retirement reducing financial need for employees to work until they are almost dead; we promote good health through our wellness program. Offer access at no cost to a well-equipped fitness facility, require annual job task in fitness testing for policy and fire personnel to keep employees physically and mentally sharp."

"We are very proud of our retirees who return to volunteer in our 'senior core' program—they assist us in police, library, and recreational and park services!"

"The tuition assistance program is of great benefit to [older workers]; it allows them opportunities to acquire education/skills necessary for job security, competitiveness, and promotion opportunities."

"Reasonable job restructuring to accommodate older workers' situations. Hiring retirees as part-time, flex hours. Special skills training for older worker target groups."

#### Obstacles

"(1) money in the budget; (2) eliminating bias of managers toward older workers; (3) time to train for skills enhancement; (4) priority given to training."

"Support by management of humane/social interest programs."

"(1) developing interest in elder care; (2) giving recognition to/appreciating contributions of senior employees."

"Budgetary shortfalls are the greatest obstacle to implementing more programs."

"Downsizing of Government limits opportunity for job redesign and job transfer."



### Exhibit 8.1. City Managers' Descriptions of Achievements and Obstacles, Cont'd.

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"Some workers begin to develop a 'short-timer's attitude' before retirement."

"The average person is not knowledgeable of the laws on the needs/concerns of older workers, particularly concerning work, so it's a battle to (1) educate everyone (2) integrate (successfully) older workers into the workplace (3) create a positive environment conducive to high productivity and morale. We deal with the issues day by day: (4) training and more training, hiring and retaining more older workers."

"Budgetary constraints and competency pressures for new programs of all types, along with demands for downsizing and productivity improvements. We need to add these issues to our list of priorities and educate managers on the needs of older workers."

"Lack of funds devoted to training has impacted the entire workforce; lack of funds directed toward human resource programs in general has been detrimental; however, the city has provided substantial computer training which has benefited 'older' workers who otherwise may have remained computer illiterate."

"Senior management attitudes that young workers are less resistant to change."

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*Source:* West and Berman, 1996b, p. 54.

The WTI experience is instructive for public personnel managers. It shows that an adult training methodology is applicable even in a private industry experiencing high turnover and a transient workforce. And WTI methods are especially relevant in training the relatively more stable public sector workforce, where the fruits of such human capital investments promise to be more plentiful and enduring. The better trained the workforce, including older workers, the higher the quality of the service it is likely to deliver.

### Tacoma Pre-Retirement Program

The award-winning Tacoma Employees' Retirement System Pre-Retirement Program™ has been recognized by the Government Finance Officers Association as containing "exceptional elements of creativity, transferability, and sound management" (Pabst, 1987, p. 24), and it received the National Pre-Retirement Education Association's National Award for Innovation in Pre-Retirement Education in 1990 (personal communication from Patricia Pabst, May 19, 2004). The program is designed to help aging employees prepare—emotionally, physically, and financially—for retirement. Benefits from this preretirement planning accrue not only to the workers but also to the employer because of increased productivity, retention, and improved morale.

The Tacoma system began with an employer-subsidized pilot program in 1983. The pilot program enrolled forty employees and was offered one day a

week, three hours a day, for eight weeks. The successful pilot resulted in a twenty-four-hour course divided into two twelve-hour segments. This format gives participants time to complete reading and homework assignments and to receive feedback on their efforts. The course is now offered three or four times a year. It covers retirement options, fears about the future, tax information, Social Security eligibility and benefits, health issues, time and money management, living arrangements and lifestyle considerations, and goals and continuing work options. Pabst identifies these key lessons from Tacoma's experience: use a single instructor for each course rather than multiple instructors, use an instructor with a strong financial background (to supplement other information sources), use an instructor knowledgeable about employee benefits, and use a required text and course materials. Further, hold courses in the evenings and make them available to spouses, carefully screen potential speakers and their messages, have employees evaluate the program, provide refresher courses, and limit classes to twenty to thirty participants. Finally, speakers should include financial planners, gerontologists, mental health professionals, legal counselors, Social Security representatives, tax consultants, and stockbrokers.

Programs like Tacoma's can help older workers resolve important financial and emotional issues prior to retirement and make informed decisions about their future. Such programs signal management's concern about older employees and may result in improved worker loyalty and on-the-job performance.

### **Fort Myers G.R.A.M.P.A. Cop Program**

Fort Myers is located 125 miles south of Tampa on Florida's Gulf Coast. A large part of the city's population is retired or semiretired, and there are more than one thousand senior citizens with some law enforcement experience. The city responded to the era of tight financial resources and citizen demands for continued services with an innovative G.R.A.M.P.A. Cop school resource officer program, which hires retired police officers, trains them (40 hours) in school resource functions, and assigns them to area schools. The acronym G.R.A.M.P.A. stands for Getting Retirees Actively Motivated to Policing Again.

To be eligible for these civilian positions, program applicants must have at least ten years of sworn law enforcement experience and meet other traditional requirements of job applicants (letters of recommendation, complete background investigation). Hiring decisions are made by the chief of police, and officers serve at the chief's pleasure; they are not protected by civil service rules. G.R.A.M.P.A. cops are used principally to promote drug abuse prevention and intervention in city schools through education and counseling. They may also be called on to help regular school resource officers in developing and delivering more conventional services, such as bicycle safety and child molestation prevention. Their training includes information about school resource officer functions and school board policies and programs, as well as specific instruction on various types of drugs, profiles of abusers, and referral treatment and prevention programs.

The bottom-line benefits of such a program are obvious: the city capitalizes on years of valuable law enforcement experience at less than half the cost of regular police officers, and G.R.A.M.P.A. cops exert a positive influence on the youths of the community. The program is particularly budget-friendly in that Florida, like many other states, has a law providing that police departments have an aggressive policy with regard to “seizing and selling contraband articles, vessels, motor vehicles, aircraft or other personal property” that initially served “to finance their G.R.A.M.P.A. Cop programs either partially or wholly from their forfeiture funds” (City of Fort Myers, 1989, p. 10). Currently, the school board has taken over responsibility for financing the program (personal communication with Sgt. Fred Dunaway, May 17, 2004).

Public personnel officers in other jurisdictions can learn a valuable lesson from such a program. Many government programs can benefit by tapping the resources of skilled retirees who may need additional sources of financial support to offset expenses not covered by their pension plans or who may want a job to break the monotony or boredom of retirement. In the latter instance, they might not need supplemental income and might be enthusiastic volunteers who seek employment as a source of stimulation, satisfaction, and camaraderie. This low-cost strategy of resource expansion is especially attractive in the current period of fiscal austerity.

## CONCLUSION

Demographic, economic, and legal trends converge to raise the salience of older worker issues. Although management has been slow to respond to this combination of forces, such neglect will become more costly in the future as the problems become more severe. Impending labor shortages and skill deficiencies, citizen demands for better services, and the desire to avoid litigation will prompt managers to place a higher value on the talent and life experience of older employees and to recognize the importance of treating them fairly. Public managers and human resource professionals must be especially observant of current trends and take whatever actions are required in their organizational settings to ensure that attitudes, policies, and practices are sensitive to the needs of all workers. Attention may need to be devoted to combating myths and stereotypes about aging and older employees' capabilities. Strategic leverage points for addressing older worker issues are succession planning, training, career development, performance appraisal, and supportive workplace relations. Innovative programs such as those designed and implemented by Wackenhut and the cities of Tacoma and Fort Myers are transferable to other settings and show some ways to get the most from mature employees. Despite the new organizational realities that undervalue aging workers, these workers continue to be valuable assets to employers. Cultivating the potential of today's mature workers and tomorrow's older

workforce is a creative challenge for public administrators and human resource leaders now and in the future.

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# Using Technology in the Workplace

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A few years ago, one of us was hired as a consultant to develop a large state agency e-gov effort. In an initial meeting with the agency's elected head and other senior leaders, he began by probing for the major problems they perceived in their agency and how e-gov might assist. Only a few minutes into the session, the clearly impatient agency head interrupted, saying, "You don't understand. Our problem is that we don't have a Web site."

Such failures of public managers, at all levels, to grasp the connection between information technology (IT), e-gov or not, and organizational activities are all too common. IT is used to solve problems. People are an organization's greatest asset; however, they are also the organization's greatest cost factor. Many organizations have pursued strategies that aggressively manage their human assets, such as downsizing and outsourcing. Some organizations focus particularly on investment in technology as a means to increase their employees' productivity and efficiency. With the astonishing recent expansion of the role and significance of information technology in the workplace, this premise about the primacy of the organization's people is now at least subject to debate.

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*Note:* The introduction to this chapter and the final section on the human resource manager's role are predominantly taken from J. Danziger and C. Gianos, "Anticipating and Coping with Technological Change in the Workplace," in Stephen E. Condrey (ed.), *Handbook of Human Resource Management in Government* (San Francisco: Jossey-Bass, 1998).

IT affects every activity in an information-based work environment. IT can be such a compelling force in an organization that managers must give it primacy in their strategic thinking. They should begin by fostering strategies that maximize the contributions of IT to organizational needs and goals.

One key strategic challenge that managers in both public and private sector organizations face is the continuing evolution of information technologies in the workplace. Because each rapid advance in IT changes the way many knowledge workers and managers do their jobs, the properly managed integration of new technologies into the workplace can pay substantial dividends through increased productivity and effectiveness. Achieving these benefits requires active involvement and understanding on the part of managers (Davenport, 1994). On the negative side, failure to manage IT can undermine these central organizational goals.

Demographic changes also constitute an important strategic challenge to which managers must respond. Like technology, the people in the white-collar workforce are subject to significant, if more predictable, changes. Managers must understand the strategic implications that may result from the way they guide this workforce, which is older, better educated, and more diverse than ever (Werhane, Radin, and Bowie, 2004). Some of these demographic changes are closely tied to technological issues, because age, education, and gender are associated with differential levels of both the mastery and the use of information technology (Hoffmann and Novak, 1996).

How are these IT and demographic issues particularly shaped by the human resource management (HRM) perspective? HRM is a series of concepts and strategies whose central goal is the effective and efficient use of an organization's human resources. HRM involves such concerns as employee recruitment, placement, evaluation, compensation, and professional development. Three critical HRM components are associated with the issues of technological change facing public managers: planning to meet the personnel needs of the organization, developing employees to their full potential, and controlling personnel policies and programs (Beaumont, 1992; O'Brien, 1993).

Traditionally, HR specialists were responsible for effective implementation of new HR technologies (Long, 1987). However, the increasing complexity and dispersed nature of the IT-enabled workplace dictates a new approach that vests line managers with the requisite authority and responsibility as well as the knowledge required for HR technology adoption and implementation. In today's workplace and that of the future, the user will of necessity assume a greater role in the implementation of technology that is increasingly tailored to meet the end user's specific information needs.

The continuing evolution and redefining of IT presents managers with ongoing opportunities for organizational success. It also presents public managers

with increasingly complex operational and policy issues in the areas of employee recruitment and hiring, employee rights, and employee responsibilities.

An overall challenge for managers is to ensure that the fit among human resources, technology, and organizational needs is maximized. Managers are in a strong strategic position to link these three elements because they are able to understand their employees' needs and abilities, the changing technology available to their unit, and their unit's responsibilities within the broader context of the organization's culture, history, and goals. Managers can use incentives that motivate employees to commit themselves to organizational goals and encourage innovation in the workplace, rather than attempt to force employee compliance with technological change. They can also develop creative approaches to ensure that employees are provided with rewarding work and with appropriate training and support so that they can be successful in their jobs. Traditionally, HR specialists had the responsibility to ensure that new technologies were implemented effectively (Long, 1987). However, meeting all these challenges in the current technological workplace is more likely if line managers have at least some responsibility for human resource management (Storey, 1992).

The changing character of the workforce and the workplace challenge traditional assumptions about employee loyalty and motivation. Today it is not uncommon to find a career employee working alongside a contractor or a temporary employee. The career employee may be at or near retirement age. The contract employee may be nearing the beginning or the end of his or her contract term, and the temporary employee's assignment could be measured in days. In such a scenario, employee motivation by a manager through the use of incentives intended to engender commitment to organizational goals and technological change is challenging—but not impossible.

The overarching challenge for managers is how to maximize the integration of human resources and technology to meet the organization's dynamic needs. Managers occupy a strategic position that gives them the opportunity to synthesize or link these three factors because they understand their employees' abilities and needs, the evolving technology available to their operation, and their operations responsibilities within the overall context of the organization's culture, history, and goals.

This chapter is organized into four sections. The first examines key challenges and opportunities for IT applications, also known as human resource management information systems (HRMIS) or human resource information systems (HRIS), to personnel activities. Next, the traditional issue of recruiting and retaining IT personnel in government agencies is examined. Employee policies and rights related to IT use follows. The final section explores the role of managers who are committed to HRM in an information-centered workplace.

## HUMAN RESOURCE MANAGEMENT INFORMATION SYSTEMS

A common prescription for public personnel management ills is fostering a more holistic and strategic view of the many associated tasks. Instead of viewing payroll, training, recruitment, travel reimbursement, job classification, personnel records management, benefits administration, and other functions as separate activities, each should be strategically integrated toward organizational goals (see O'Brien, 1993; Ashbaugh and Miranda, 2002). Information technology is considered crucial to such efforts, often dubbed enterprise resource planning (ERP). Claimed benefits are typical of IT solutions, including reduced costs of hiring and personnel staffing, increased effectiveness, and better customer or client satisfaction.

Such applications, in practice, are rare. Instead, governments typically focus on partial systems, stressing particular tasks. West and Berman (2001) found that city governments were more likely to have IT applications of some kind in payroll, benefits, and recruiting far more than in training, job analysis, or classification. Cities where human resource managers were more technically oriented and perceived IT as a strategic advantage were more likely to adopt IT solutions. Even so, the adoption and effectiveness of IT solutions are likely to be dependent on underlying general personnel management innovations and a government's attitudes and efforts toward personnel reform (see Lavigna, 2002; Dawes, 1994). For example, online recruiting systems are far more effective if coupled with decentralized hiring, broadbanding, expanding recruiting efforts and strategies, and flexible compensation.

In this section, we highlight some of the common major tasks and experiences associated with recent IT innovations in human resource management, particularly *e-gov*: recruiting, training, employee records and benefits administration, and general task automation. Next, we discuss two more encompassing ongoing efforts, involving the state of Florida and the U.S. government, to exemplify many of the issues surrounding such systems, particularly when integrating several tasks.

### Recruiting

Using the World Wide Web for recruiting is probably the most common task afforded by *e-gov*. Online recruiting efforts offer greater publicity, public accessibility to openings, better chances at attracting superior and more diverse candidates, and reduced hiring costs. Application levels and features vary widely, from simply posting openings on a general employment Web site like Monster.com to actual government employment sites with multiple features addressing application processing. For example, Utah's Job Match, launched

in 2004, allows online submission and application tracking (“Utah Launches,” 2004). The U.S. Geological Survey includes screening questions related to employment experience and veteran status (Figura, 2000). The state of Washington’s Inet App allows managers direct online access to screened applications and is housed on a supporting Web site containing lots of information promoting the advantages of working for the state (Bingham, Ilg, and Davidson, 2002). Santa Rosa County, in Florida’s panhandle, allows applicants to save their information so that further applications are streamlined as virtually all the data are repeated across applications. Applications do not have to be completed in a single session, and information can be edited for later submissions. Riverside County, California, takes submitted online résumés and matches them to openings, allowing applicants to avoid applying for specific jobs. The county also includes video clips of current employees promoting working and living in the area (Mooney, 2002).

From all these efforts, a list of best practices can be cultivated around a general recruiting portal. Such a site would include recruiting brochure-type information touting work in the government, benefits packages, and the quality of life in the area. Online applications, while perhaps connecting to a specific opening, should allow qualification matching to other current openings. Applicants should be able to track their status and retrieve their information for editing and future submissions. Automated responses to applicants should confirm their submission, indicate its status, and notify them of future openings for which their original résumé seems fitting. Government managers should be able to access the system to review candidates, and perhaps some form of screening and testing can help filter the best applicants.

Exactly what features and approaches to online recruiting are best will vary by jurisdiction. Although such systems might reduce hiring costs, their implementation is costly and should be justified on the basis of expected return. Personnel staffing costs may be reduced, but tasks such as the very labor-intensive verification of applicant information (checking degrees, employment history, and so on) are virtually impossible to automate. Besides cost-benefit considerations, governments vary in their technical capacity to develop, implement, and support such applications.

There are other concerns as well. First, online recruiting may reduce workforce diversity and equal employment opportunity. The lack of universal access to computers—the “digital divide”—may mean that certain economically disadvantaged groups are less likely to apply and eventually be hired. Evidence abounds that a digital divide exists between the information haves and have-nots. Amanda Lenhart and her colleagues (2003) noted in a study of the digital divide that only 49 percent of American adults had Internet access and that levels were lowest among disabled Americans. Groups associated with less access are the disabled, lower-income households, households with low levels of overall education,

African Americans, and Hispanics. Computer literacy and availability are additional potential barriers to access.

Although seemingly ubiquitous, the Internet is not yet accessible to everyone. Agency or department job vacancies posted solely on the Internet can needlessly circumscribe the applicant pool and may leave the organization open to charges of discriminatory hiring practices. Whether or not the disabled or ethnic minorities could prevail in asserting that online recruiting is an unfair employment practice is uncertain. Traditional paper-based application processes are also known to be cumbersome and possible barriers to entry for such groups as well. However, some research has shown that online recruiting differentially affects protected groups, and the Equal Employment Opportunity Commission has advised companies “not to rely too heavily on any one method of recruiting to avoid favoring certain groups” (Hogler, Henle, and Bemus, 1998, p. 161). But at the very least, governments should be aware of this concern and institute tracking data to compare the applicant pool from traditional and online recruiting efforts and make reasonable accommodations to mitigate any possible detrimental effects of Web-based hiring. For example, it is unlikely that a government can eliminate paper applications. This, by itself, may greatly reduce the expected cost savings.

Concerns regarding the privacy of personal information submitted over the Internet have been and remain a major issue for users accessing both commercial and government Web sites. Privacy considerations should be at the forefront of the personnel manager’s decision process regardless of the Web-based recruiting option used. Failure to adequately address privacy safeguards with respect to applicants’ personal information can create myriad problems. Privacy statements should clearly articulate how the applicant’s personal information will be protected and alternatively that the information will neither be sold for marketing purposes nor otherwise disclosed to third parties.

Testing and screening are also concerns. Primarily, these efforts aim to reduce whimsical applications, as the traditional paper-based process is viewed as more demanding and hence it is assumed that only serious applicants will apply (see Dawes, 1994). But these tests tend to be simple multiple-choice or yes-no instruments of questionable validity and reliability. Screening tests that ask about such clear, verifiable information as veteran status, employment history, and education are less subject to these concerns.

However, testing questions related to specific knowledge, skills, and abilities are more problematic. For example, asking potential IT Web programmers to rate their knowledge of XML is a poor screening question. It is quite possible that individuals with little experience might rate their knowledge more highly than candidates who are well versed but understand the complexity of the knowledge and hence rate themselves moderate or low. Asking specific knowledge questions, particularly in IT, is also a problem as correct answers are of

questionable validity in assessing ability to perform. Overall, Web-based testing and screening should be approached cautiously.

Many governments also face difficulties related to their personnel administration structures. For example, in county governments with separately elected constitutional officers, cooperation on building any governmentwide application is often difficult, if not impossible. School boards, for example, may have their own recruiting procedures and processes separate from the main county administration. Also, civil service rules associated with application processing and hiring procedures can be quite restrictive. It may not be possible to allow managers to view an open applicant pool before some centralized processing or to review and contact existing applicants before announcing a new opening or before a closing date. Ideally, perhaps, centralized development and support are warranted, coupled with decentralized, flexible use of the application information and personnel decision making.

### Training

IT training issues revolve around three divergent areas for public personnel systems: providing basic IT skill training for general employees (use of spreadsheets, word processing, e-mail, and specific software), continuing training of IT personnel, and use of IT solutions, such as online instruction (e-learning) to supplement or replace more traditional approaches.

In the case of general training, the concern is primarily reducing the cost and availability of essential training to use software and hardware related to an employee's job tasks. Cost and availability, of course, are important for IT personnel as well, but other issues arise. First, quality training on current, dynamic technologies is crucial to IT operations and often to employee recruitment and retention. Such training is considerably more expensive than teaching basic software operations. A high-quality training program may help recruit IT employees, but governments may lose trained employees to private companies or even other governments before recovering their investment in such training. Governments also seek to train older employees with obsolete IT skills to work in the e-gov environment, as well as to convert employees to IT operations as part of the typical public sector IT employment path. These difficulties are part of the justification for outsourcing IT to private companies.

Regardless of whether the employee's work is primarily IT or not, e-learning is considered applicable. The demand for employee policy and procedure training to reduce legal liabilities, such as in sexual harassment, appears to be a major catalyst, as such systems have the potential to reduce costs while supporting testing and tracking data. Reduced travel costs are also an incentive. But like online recruiting, these efforts vary dramatically, from simple Web sites providing links to job-related information to online live and on-demand materials, testing, and tracking.



For example, California's Department of Forestry and Fire Protection uses vendor-provided software to train firefighters and emergency workers on subjects such as firearm safety. The online class offers video clips from instructional tapes, along with audio and related documents. Workers without Web access can obtain a CD copy (George, 2002). The Montana Department of Justice uses e-learning for certification courses and logs successful completion into its employee records (George, 2002). In 2002, the U.S. government launched the Gov Online Learning Center (<http://www.golearn.gov>), offering free and for-fee courses and library resources (Barr, 2002). A variety of other governments have contracted with one vendor, THINQ Learning Solutions, to provide e-learning portals offering in-house courses, outside vendor instruction, and supplemental materials, including the U.S. Navy, the U.S. Department of Health and Human Services, and state agencies such as the Arizona Supreme Court and California's Department of Personnel Administration ("E-Learning Market," 2002).

Not all IT training efforts are e-learning. California's LearningPASS program allows any public employee in the state to take a wide variety of information technology courses online, on-site, or at vendor locations ("IT Training in California," 2003). The program involves multiple vendors, including the use of Gateway stores throughout the state, and allows tailored coursework and associated price quotes for specific agency needs. One of the first applications of e-gov to training needs was the State of Florida's Training Direct. The system allowed vendors to input course information that employees could search and browse by topic, location, and date. Employees could select courses, and the Web site would automatically send an e-mail to their supervisors for approval with a link permitting the managers to approve and automatically debit the agency's account. Vendors and employees received e-mail registration confirmations. The application permitted a drastic reduction in the number of state employees managing Florida's government employee training program.

Despite the potential promise of e-learning, there are significant managerial issues: equitable access, quality, assessment, and certification (see Pantazis, 2002).

Though Web technology is widespread, employees have varying Web access capacities and competencies. Slow connections limit the use of multimedia and live instruction. Employees, especially older and less educated ones, may struggle with Web use. Support costs and time for such users can easily outstrip any e-learning cost savings.

Quality is also a concern. Initial course development, especially when using Web video and audio, can be prohibitively expensive and technically challenging. Repurposing and converting existing training materials, as the California Department of Forestry and Fire Protection has done, is a good strategy. However, not surprisingly, many governments contract out course development for the necessary expertise and materials, especially where the instruction is not specific to their agency or public mission (for example, a course in using word processing software).



Cost issues generally limit the quality of the e-learning experience, not only in presentation but also course content. Most e-learning solutions are delivered on demand, not in real time, where it is far more difficult to handle questions and get tailored instruction as would be the case in a traditional classroom. A trade-off appears between quality, which is perhaps best preserved with some form of live instruction, and cost savings, best served by more generic, on-demand courses. Also, despite the costs, some agencies find off-site instruction more effective, as it forces employees to concentrate on the material with no work distractions. Finally, in cases where the training is related to specific legal requirements for assessment and certification, a more demanding course evaluation system is required along with security and verification of employee testing.

### **Employee Records and Benefits Administration**

Electronic access to employee records is far from universal. For example, the federal government's employee records are paper-based for over 1.8 million civil service employees (Barr, 2003). Such records are expensive to maintain, back up, and use—precisely why the Bush administration wants to replace the paper system with an electronic version. Electronic, and specifically Web-accessible, employee records can permit employees to update their basic information (like home address), assist managers in tracking job experiences, skills, manage career paths, and scout for potential internal candidates for job openings. But the more accessible such systems are, the greater the security and privacy risks they present.

Benefits administration relates to employee records. For example, the state of Florida contracted with a vendor to develop a retirement benefits Web site (<http://www.myfrs.com>) for employees to compare defined benefit and contribution plans based on their personal information (such as years to retirement and salary growth rate). The site lists various pros and cons for each choice to help employees make more informed decisions ("Florida Retirement System," 2002). Sites allowing employees to evaluate and make benefit decisions are less common than recruiting applications, perhaps because they offer smaller possible cost reductions and must be carefully written to guard against legal action from advice perceived by benefit providers as inaccurate or detrimental to their interests or by employees who feel that the advice led to undesirable outcomes (for example, learning after enrollment that a medical insurance program did not cover a long-term illness contracted later and basing a legal claim on alleged incomplete or inaccurate benefit information at the time of enrollment).

### **Task Automation**

A variety of typical employee transactions are suitable for conversion from paper to intranet applications. For example, the Florida Department of State's internal Web site allows employees to submit leave requests, travel reimbursement,

property records, and performance reviews. The U.S. government planned a late 2004 release of an e-travel system for employees, integrating once stand-alone reservation, voucher, and approval applications (Polk, 2004).

### Problems in Developing IT Personnel Applications

Developers of human resource management systems for government agencies, regardless of included tasks, face many typically cited problems of general government IT development: insufficient budgets, poor implementation planning, unrealistic time frames, inadequate project staff, management and organizational changes not coupled with the application, overly difficult initial systems (see Ashbaugh and Miranda, 2002), contract management challenges, poor system evaluation measures, and politically connected vendors driving application choices. A common model for failure is that a powerful elected official reads an e-gov success story or gets a pitch from a politically connected vendor for an application and then pushes it through without any real evaluation or needs assessment. Success is simply presumed, and the vendor, often without significant government application experience, proposes an overly complex initial application on a ridiculously optimistic delivery schedule (often to meet political cycles).

Two recent examples of large-scale systems are quite instructive: the Bush administration's e-personnel efforts and the state of Florida's encompassing personnel system outsourcing. Both, though still in various stages of construction, demonstrate these issues.

The Office of Management and Budget (OMB) has pressed a variety of e-government initiatives related to federal personnel management, pursuant to the E-Government Act of 2002. Included in these projects are a *recruitment* one-stop (<http://www.usajobs.opm.gov>) for job applications; *e-clearance*, consolidating databases for background and security checks electronically; *e-payroll*, consolidating seventy-two payroll system into two, with standardized policies and procedures; *e-training*, increasing access and courses available via <http://www.golearn.gov>; and *enterprise human resources integration*, the conversion of paper personnel records to electronic form (Barr, 2003; Koontz, 2003).

The General Accounting Office (GAO) has identified significant problems with these efforts, however (Koontz, 2003). First, the GAO supported a bid protest for the recruitment system contract award, which the OPM ignored citing pending completion deadlines. The GAO regards the OPM's deadlines, typically eighteen to twenty-four months, as too taxing and unrealistic. System consolidation is another concern. Although the OPM can, under the Clinger-Cohen Act of 1996, direct agencies to stop support of their redundant IT systems, the OPM's approach has been too much stick and not enough carrot. Significant and challenging issues exist in agencies converting to new, standard payroll, personnel record, and clearance systems. For example, agencies would need to agree to

exactly what should be maintained in personnel records. Many agencies would need new imaging equipment to produce records and new hardware to connect to centralized systems for personnel record storage. Last of all, the GAO argues that the OPM's estimates of potential cost savings are poorly grounded, seemingly inflated, and based on questionable projections of efficiency gains. For example, the OPM has not developed procedures to track actual training expenses to determine if estimated cost savings are obtained.

Meanwhile, the state of Florida has faced similar problems with its seven-year, \$280 million People First project, outsourced to Convergys Corporation, a \$2 billion company mostly experienced in private sector human resource applications, with a significant market share in telecommunication enterprises ("State of Florida," 2002). The project is designed to replace a twenty-year-old personnel computer system that would cost an estimated \$80 million to replace internally (Hauserman, 2001) and include such services as payroll, benefits administration, recruiting, and training ("State of Florida," 2002). The contract relates to Republican Governor Jeb Bush's overall state personnel reforms (dubbed "Service First"), which include elimination of seniority rights in job layoffs and removing civil service employment protection for most workers, all under the guise of a leaner, more flexible, and more responsive government (Walters, 2003). Convergys claims a commitment to hiring any displaced state workers (Hauserman, 2001). It is estimated that about nine hundred employees have lost jobs (James, 2004), but there are no clear records on how many displaced workers found other state employment or work with the company.

The contract began in controversy, especially the idea of outsourcing versus in-house development. Florida's House Appropriations Committee head, Republican Representative Carlos Lacasa, expressed concern regarding control over the contractor: "If you try to fire [them], they will come in with an army of lobbyists and try to extend the deadlines and change the laws. It's a nightmare" (quoted in Hauserman, 2001). He also added other Bush outsourcing efforts, like privatized prisons, have been a "disappointment." Just a few months earlier, Governor Bush's "efficiency czar," Ruth Sykes, had resigned, stating that she could not back his privatization rush, including personnel system outsourcing (Hauserman, 2001). Political donations appear closely tied to contractors as well. For example, Convergys donated \$22,500 to Republicans in 2002 and not a cent to Democrats (James, 2004).

Unrelated to the Florida contract, Convergys also found out how difficult it is to navigate political waters when the company decided to send jobs offshore. Just weeks after landing the Florida contract, the company announced the move of forty IT jobs and \$1.7 million in payroll to India—and quickly faced the wrath of Florida Democrats, calling the company "unpatriotic." Convergys quickly responded, claiming that it had created six hundred jobs in Florida under the state contract (Bousquet, 2004).

However, Convergys's biggest problem is meeting deadlines. The entire program was more than eight months behind as of February 2004 (James, 2004), and problems in handling payroll—a 37 percent error rate in calculating payments (Cotterell, 2004b)—have delayed the launch even further and caused the state government to finance an emergency \$3.7 million to keep the old payroll application operational (Williams, 2004). The Florida Department of Management Services (DMS), overseeing the project, now estimates that the project will likely take until mid-2004—and that is if future testing is successful. The state of Florida has already withheld more than \$30 million in contract payments, and how much the company will receive, and possible penalties under the contract, will be negotiated upon completion, according to state officials (Williams, 2004). The DMS also now admits that the project schedule was too aggressive (Cotterell, 2004b). State policy analysts note such privatization projects have not been subjected to good, business analysis to determine if such outsourcing makes financial sense (James, 2004). Due to these problems, Gov. Bush established the Center for Excellence under DMS to develop statewide outsourcing standards, business cases for such projects, as well as creating oversight boards to review effort progress and evaluate best practices (Cotterell, 2004a).

The very public problems and criticisms have been a serious blow to pending efforts in other states. Florida was the first, but twenty-two other states have evaluated similar ideas (Williams, 2004). The failures are likely to seriously deter other large-scale, outsourced human resource management system operations. Typical problems with general privatization efforts (such as contract management and possible political vendor favoritism) and IT problems similar to the GAO's reflections on federal efforts are evident: a demanding project scope tied to an overly optimistic timeline, poor evaluation and business case analysis before contracting, and questionable vendor qualifications related to the context of public personnel systems compared to those of business.

## INFORMATION TECHNOLOGY STAFFING AND SKILLS

The hiring and retention of IT staff are among the most commonly cited problems in public information systems (Dawes, 1994). Public agencies are often at a disadvantage compared to their private counterparts due to less generous pay (especially in mid- to high-level posts and highly technical areas) and reward systems, burdensome and inflexible job classifications, and limited training, among other problems. Traditionally, government agencies are prescribed a mix of internal staff development (converting existing personnel into IT staff, retraining older IT workers on new technology) and outsourcing.

There are a couple of reasons why these strategies are insufficient for the e-gov era. First, governments face a rapidly aging workforce and potentially mas-

sive turnover in IT personnel. Anywhere from 33 to 50 percent of all federal IT workers will be eligible for retirement in just three to five years (Thibodeau, 2001). Second, major outsourcing is a questionable replacement for core information technology knowledge as agencies must maintain at least the ability to evaluate and coordinate contracted systems and projects.

Governments have, however, found it easier to recruit high-quality IT personnel during the recent economic downturn by employing laid-off private workers. The federal government's applicant pool for IT jobs nearly doubled between 2000 and 2001 (Thibodeau, 2001). How many of these employees, however, will stay once the economy rebounds? Governments should assume that this is the proverbial eye of the hurricane: the best personnel will return to the private sector. Lower-quality workers and those in programming and other positions more suitable to offshoring may be more likely to stay. But conversely, some sector-spanning employees may stay for better work schedules: governments may be less likely to demand fifty or more hours of work per week and are perhaps less prone to requiring nontraditional work hours than businesses, especially private IT firms.

Public IT employment difficulties are compounded by technological changes. Job classification and position descriptions cannot keep pace with rapidly changing technology. Central personnel staffs cannot evaluate these increasingly complex technical skills sets. Traditional tests and evaluation systems quickly become outdated. Broadbanding and more flexible evaluation techniques, such as bypassing the central personnel office for agency-based reviews of experience, past performance, and capabilities; longer probation periods; and internships, are a few countermeasures (Dawes, 1994).

Agencies also face the emergence of hybrid IT posts: jobs that entail a mix of IT, general management, and program area expertise. For example, one common role is that of *business analyst*, someone who understands the workplace intricacies and environment of the program area and enough technology to evaluate potential task restructuring (reengineering) employing possible IT applications. The chief information officer (CIO) role is also a position in which a mixed professional background is desirable (Kanter, 1989). For both, government career paths rarely provide the overlapping managerial and technical expertise necessary for such jobs, and CIO openings, especially at the state level, are often filled on the basis of political patronage rather than merit, involving no internal government progression at all.

Many governments are addressing these problems in creative ways, besides the general recruiting innovations discussed so far, which are applicable to all employees. The state of Kansas established a contracting program in which employees sign three-year contracts, during which their civil service status is suspended. In return, the employee typically receives a 10 to 15 percent salary increase and additional training, subject to a partial payback condition if the

employee leaves before contract expiration (De Mers, 2002). Turnover in Kansas IT under this program was 10 percent, compared to 13 percent for overall state employment in 2000. Kansas also offers a recruitment bonus to employees. Up to \$500 is paid to a state employee who successfully recruits an IT employee into specified jobs (De Mers, 2002).

Competing with the private sector work environment is another strategy. Some governments have experimented with telework or telecommuting to compete on flexible work hours. For example, San Mateo County in California trains about fifty employees a year in telework. Such programs, while still controversial, are more likely with the advent of supporting technologies, such as virtual private networks (VPN). Outside telework, establishing employee options for nonstandard and flexible work hours can be attractive recruiting and retention incentives.

Governments should be innovative in addressing traditional low pay, poor reward incentives, and other problems. But agencies should not forget to recruit to the existing strengths often associated with public IT: employment stability, low time expectations, often better retirement benefits, and lower stress (De Mers, 2002).

## **EMPLOYEE POLICIES RELATED TO INFORMATION TECHNOLOGY**

Human resource managers also face significant challenges in establishing and enforcing employee policies related to IT. Some of these, like proper Web and e-mail use, relate to employee interactions with technology. Others, like the implications of federal laws such as the Freedom of Information Act, concern legal regulations affecting the use of and access to information.

### **Electronic Mail (E-Mail)**

Employee e-mail practices constitute an Achilles' heel for all but the most vigilant organizations with proactive HRM departments. Why is this the case, and what can the effective HR manager do to minimize or eliminate risks associated with employee misuse or abuse of the organization's e-mail system?

Consider a hypothetical though perhaps commonplace example: prior to e-mail, jokes were generally told in small groups while at the office or circumpectly passed around in printed form. Distribution was limited, and thus the organizational risks associated with potential inappropriate humor content were also minimized. Inappropriate humor content could consist of derogatory ethnic, racial, gender, or sexual references. If a coworker should take offense at any one of these references, the organization could end up defending itself against

allegations of discriminatory practices, a hostile work environment, or sexual harassment.

E-mail, as noted, has heightened organizations' risk exposure because of its enhanced one-to-many communication capability. Most of us probably receive one or more forwarded pieces of e-mail humor a day from colleagues or friends. If you receive the content at work using your employer's equipment and forward it to others—two actions you absolutely should not do—then regardless of your opinion of its appropriateness, you have placed the organization at risk. This is because an employee's judgment of what is appropriate is not dispositive in either discrimination claims or other litigation. And forwarded e-mail humor is just the tip of an iceberg that the twenty-first-century HR manager cannot ignore.

The immediacy of e-mail and its relative ease of use can result in hastily composed employee messages, rife with misspellings, grammatical errors, and ambiguous tones that can be misunderstood by the receiver. The recipient cannot but wonder about the professional competence of the individual who sent the e-mail and that of the organization employing him or her. So what can or might the HR manager do to address these issues?

Prysby and Prysby (2003) note that the expanded use of e-mail has raised significant legal questions, and hence most experts argue for explicit e-mail policies. If the organization does not have a current e-mail policy or has one that has not been updated annually, it needs to move swiftly to put one in place that addresses the myriad policy issues emerging from e-mail use in the workplace, such as e-mail etiquette, employee privacy, employee surveillance, Internet use, file downloads, privileged communication, public disclosure, spam, and work product.

### **E-Mail Etiquette**

The iceberg metaphor is a useful way of conceptualizing the broad base of an organization's communicative capacity that e-mail represents. E-mail etiquette, the sine qua non for limiting an organization's risk and liability, is largely neglected by most organizations. What is e-mail etiquette, and why does an organization need it? There are any number of e-mail etiquette sites on the Internet that can be reached through a simple search for the topic. The majority of the sites agree on two or more reasons why organizations should educate their employees about e-mail etiquette and on certain related rules. Three of the most frequently cited reasons are to promote a professional organization through the use of appropriate e-mail language, to increase the efficiency and effectiveness of communication through concisely worded messages, and to safeguard the organization from liability, since employee awareness of the risks can protect the organization from costly litigation. Some of the more frequently cited etiquette rules are to add disclaimers, not to discuss confidential information, not to attach unnecessary files, not to respond to spam, to reread and



proofread the e-mail before sending it, to use proper grammar and spelling, to avoid writing in capital letters, to use templates for recurring responses, to be brief, to address all issues raised, to avoid using “urgent” and “important” markers, not to forward chain letters, and not to send or forward bigoted, defamatory, libelous, racist, or obscene material.

This list is by no means exhaustive. There are many more caveats the proactive HR manager would likely want to incorporate into the organization’s e-mail policy. That being said, another important caveat is that a policy is only as effective as its implementation. Personnel managers cannot merely publish and post an e-mail policy emphasizing the dynamic nature of the medium and its related legal implications. At a minimum, employees should be required to either attend an annual training session or participant in one on the Web. The training will also address the issues of employee privacy, employee surveillance, file downloads, privileged communication, public disclosure, spam, and work product, to which we now turn.

### Employee Privacy and Surveillance

A common employee assumption is that workplace e-mail is private and that no one other than the employee controls and may access it. The perceived right to individual privacy is as old as the Republic itself and has its roots in the Fourth Amendment to the United States Constitution, which broadly delineates the right of the people to “be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures.” This language is the basis for the broadly held mistaken employee assumption that workplace e-mail is private. But that assumption is absolutely wrong (Prysby and Prysby, 2003; Werhane, Radin, and Bowie, 2004). First of all, Fourth Amendment protections have limited utility in the workplace inasmuch as an employee should have “no valid objection to a search by the employer unless the employee has a reasonable expectation of privacy in the situation” (Prysby and Prysby, 2003, p. 274). Explicit employer e-mail policies outlining the business-related circumstances under which employee e-mail may be read could constitute a reasonable basis for doing so. The Fourth Amendment prohibition is against *unreasonable* searches.

Not surprisingly, states have also weighed in on the issue of e-mail privacy. Some states, such as Connecticut and Delaware, require both public and private employers to provide employees with prior written notice of e-mail monitoring. Other states, such as Nebraska, have authorized random monitoring or surveillance of employee e-mail, while Arkansas explicitly advises employers that their e-mail is not private and may be monitored with or without notice. Generally speaking, both courts and legislatures have concluded that employers have the right to monitor employee e-mail. This right is tied to the employers’ ownership or management of the equipment, such as computers, phone lines, servers, and routers (Werhane, Radin, and Bowie, 2004).



Employer surveillance of employees is not an issue that will go away, because employers are increasingly averse to employee misuse or abuse of organization technology. Faltermayer (2002) highlighted the reasons why employers were increasingly turning to electronic surveillance of their employees. She noted that many firms argued that the potential for intellectual property theft, discrimination, or sexual harassment suits, along with a perceived decline in worker productivity, justified surveillance.

Prysby and Prysby (2003) highlighted the risks associated with employee e-mail use at the state and federal levels in civil rights cases. They observed that e-mail has been introduced as evidence in sexual discrimination and other civil rights lawsuits, it may be used as direct evidence of intentional discrimination, and messages that contain sexist or racist humor may be used as evidence of a hostile work environment.

The HR manager who incorporates a surveillance component into the organization's e-mail policy should research state and local legal guidelines and also have legal counsel review the policy for conformity with those guidelines. Furthermore, the HR manager cannot overlook the nexus between employee e-mail activity and Internet use. This is another area of particular concern with respect to lost productivity, file downloads, the potential for compromising the organization's online files and databases, and infecting the network through the inadvertent unleashing of viruses.

### **Internet Use and Misuse**

E-mail, in spite of the foregoing legal concerns and identified risks, has promoted a more efficient and more productive workplace. It has, however, as noted, resulted in another series of HR challenges with respect to increased Internet use by employees who receive embedded Web links in mail from friends or colleagues. The Web link, when clicked, typically opens a Web browser and takes the employee to a specific Web site. The Web site may or may not be business-related. If it is not, the employee may spend what would otherwise be productive time exploring the site or "Web surfing" by following links on the initial page to visit other virtual locations. In the course of his or her sojourn, the employee may be tempted to download a file or application that may be infected with a virus, contain a security-breaching application, or in some other way imperil the organization's network infrastructure.

Employees will undoubtedly also receive e-mail with accompanying attachments, which could similarly contain viruses, security-breaching applications, and so forth. Antivirus software is useful for avoiding the majority of the calamities that befall our modern networked systems, but it provides no protection against employees who are unaware of the risks posed to the organization through unauthorized activities such as file downloading. The HR manager's e-mail policy also has to address the employee's responsibilities not to place the

organization at risk through questionable computer use practices. Unauthorized file downloads (data, music, or video), opening e-mail attachments from unknown senders, uploading unauthorized files (data, music, or video), responding to spam (unsolicited e-mail advertisements or messages), and unauthorized accessing of confidential organizational data are but several examples of questionable practices. Breaches of confidentiality are of particular concern relative to maintaining secure online files and digital databases (Perlman, 2003a).

### Information Security

In the not too distant past, confidential information secured from citizens through their interaction with government was transferred onto paper records, which were then stored in locked filing cabinets. These filing cabinets were also, more often than not, secured in buildings with limited public access. The proliferation of computers and widespread use of the Internet fundamentally changed the way in which information was both obtained and stored. E-government, primarily the use of electronic technology such as computers and the Internet for service delivery, was created. Citizen and customer information previously recorded on paper is now digitized for efficient retrieval, research, and manipulation. Gone are the locked file cabinets and the key keepers who controlled access to them. User identification (user ID) names and passwords replaced filing cabinet keys. Employee access to digitized information requires a new key—the employee's user ID and password or access account. As systems go, it is not a bad one, but there are obvious drawbacks, such as when employees leave the organization and their access to electronic data is not disabled.

Ellen Perlman (2003a) noted that there are ghosts in government—those people who move on for whatever reason and yet their access accounts remain. These ghost accounts represent serious threats to both the organization's information capital and operation. Knowledgeable former or current employees could conceivably access online files and databases and steal confidential information, change information, or see confidential information they are not authorized to view (Perlman, 2003a, 2003b). The problems with ghost user accounts are compounded when current employees also do not exercise proper control over their access account information. Employees have been known to note their account information on post-it notes or other scraps of paper and then affix the information to their computer monitors or desktops. This further compromises the security of the organization's information. Fashioning policies and training to address these problems is particularly important for the HR manager in the twenty-first century.

The ongoing transfer of select government service delivery options to the Internet at the local, state, and federal levels hinges on the maintenance of secure systems that citizens and customers can trust to protect their confidential information. Some states have aggressively moved to eliminate the ghosts from

their systems. North Carolina has an automated system that removes an employee's access as soon as the employee leaves the job. This occurs not in days or weeks but in minutes. The state of Washington took a different approach. It contracted with a private company to use digital certificates to authenticate business users, and plans are to expand the system to encompass other confidential state applications. Other states are pursuing systems similar to that used by Washington to verify both digital certificates and, eventually, digital signatures (Perlman, 2003a, 2003b). These data protection measures, combined with effective HR policy measures to address both the potential organization risks associated with unauthorized employee file downloads or lax security measures discussed earlier, also bear on the issues of public disclosure and heightened privacy considerations.

### **Freedom of Information Act**

Public disclosure guidelines under both state and federal statutes, as well as expanded privacy protections for medical information under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, require HR policies that integrate compliance methods for both statutory areas.

The federal Freedom of Information Act (FOIA) went into effect in 1967 and has been amended several times. The FOIA in effect since 1982 generally requires agencies to make available opinions, adjudicative orders, and statements that affect the public. An employee's work product, such as a policy brief, may also fall within the FOIA. However, federal agencies may withhold certain types of information as set forth in the law. States have also enacted their own FOIAs with varying guidelines for public access. Some states, like Colorado and North Carolina, explicitly incorporate e-mail in their definition of public records. The important aspect is that relevant e-mail correspondence is more likely than not to be subject to federal or state FOIA public disclosure requirements. Protecting the integrity and confidentiality of the organization's information flows thus serves two key purposes. First, the intact record of the organization's deliberations provides an additional means for managing risks arising from potential individual- or special-interest-initiated litigation. Second, it provides the organization with the ability to comprehensively respond to FOIA requests.

Congress passed HIPAA legislation in 1996 in response to widespread citizen concerns about the use and misuse of their personal medical information. HIPAA incorporated new protections to safeguard the confidentiality and security of patient medical information. Though passed in 1996, HIPAA implementation was phased in over several years, ending on April 14, 2004. The legislation covers health plans, health clearinghouses, and providers engaged in specific financial or administrative transactions. Organizations that operate medical clinics for their employees, maintain an internal capacity for handling worker compensation claims or for providing preemployment physical examinations, though not specifically

addressed in HIPAA guidelines, may nonetheless be required to comply. The proactive HR manager will want to ascertain HIPAA applicability.

## THE HUMAN RESOURCE MANAGER'S ROLE IN APPLYING INFORMATION TECHNOLOGY

The preceding sections have identified some of the many issues surrounding the application of information technology and managing its resources. Clearly, it is useful for managers to keep current on IT developments and to implement a strategy that aims to maximize the IT benefits to the organization. A rich awareness of current IT conditions and of the nature of the workforce allows a manager to integrate computing into the overall organizational goals and to determine how to match employees' competencies with the rapidly changing IT package.

The literature on both HRM and information systems (IS) frequently refers to the need for managers to engage in such strategies as environmental scanning and constant vigilance (Janis, 1989; Schuler and Walker, 1991). These strategies support the manager's fuller understanding of both technological developments and workforce changes and thus provide the manager with increased capacity to evaluate how such changes translate into opportunities and constraints. Scanning is also useful for assessing the political and fiscal conditions that can affect managerial action.

These managerial strategies are clearly desirable. However, as a practical matter, most public managers are constrained by personnel regulations and other limits on their flexibility regarding the short-term personnel choices they can make in relation to changing workforce demographics. Even more significant, few public managers have the time and the expertise to understand the rapid changes occurring in information technologies. Indeed, most managers are hard-pressed to maintain their own competence as effective end users of computing resources. Hence one of the most important actions a manager can take to be more effective in guiding the organization's use of IT is to become a more active and competent IT end user.

Thus the realistic challenges to which the manager must respond are associated with many practical questions about both the organizational processes for which changes in information systems seem merited and the level of benefits and costs, human and financial, associated with making such modest changes. These are very tough questions, and they have broad implications for many domains, including human resource management. How is the manager to achieve sufficient understanding to make these IT change decisions? From whom should the manager obtain information and assistance? What criteria should be applied in assessing whether and how to modify the IT environment?

## **IT Information Sources**

The most common sources of managerial information and assistance are the IT experts in the manager's own unit, the technical specialists from the IS unit, a peer group of managers, or an IS committee. Each alternative has certain benefits and shortcomings.

In general, the IT experts, whether in the manager's own unit or in a central IS unit, are useful sources of information about the state of IT. They tend to have the best understanding of the overall configuration and integration of the organization's existing information systems and of the capabilities of emerging technologies. On the negative side, they can lack a sensitive appreciation of end users' needs, and they tend to be intrigued with advanced hardware and new applications. Thus they might push for IT changes at too high a rate and too sophisticated a level.

Peer managers have the advantage of shared perspectives and comparable needs from IT, but they can be insufficiently knowledgeable about key technical and operational aspects of IT, and they usually lack sufficient time to communicate fully with one another.

An IS committee can be a manager's most effective source of guidance about technological developments. However, such a committee must be kept clearly focused on an agenda and priorities set by the managers because these committees are subject to logrolling and groupthink. The manager must be vigilant against such group dysfunctions. It should also be a rotating committee, composed of a mix of supervisors, knowledgeable end users, and technical specialists who can communicate with nonspecialists. Meeting regularly, it should engage in assessments and recommendations regarding proposed IT developments and also in longer-term strategic discussion of the desirable evolution of the organization's overall implementation and use of IT. The ongoing evaluation of end user training and support should also have high priority.

Information on best practices from such organizations as the International City/County Management Association (ICMA), the National Association of State Chief Information Officers (NASCIO), the National Association of State Personnel Executives (NASPE), and the International Public Management Association for Human Resources (IPMA-HR) provide good examples of potential innovations, but like much of the descriptive literature, they are likely biased against reporting examples of failures, which can be just as instructive.

## **Applying IT Cost-Benefit Criteria**

Whether acting individually or in a collective decision-making group such as an IS committee, a manager must establish appropriate criteria for decision and action on technological changes. The standard four-stage policy analysis process is a relevant prescriptive framework for IT policy (Janis, 1989): (1) the problem

is formulated and placed in the context of the organization's strategic goals, (2) relevant information about opportunities and constraints is gathered in order to ground the decision in a realistic framework for action, (3) alternative actions are specified and analyzed, and (4) a course of action is selected and, if feasible, implemented.

The ramifications of a change in information technology can be substantial for a public sector organization, its managers, and its workers, especially when the change involves either major alterations of organizational processes or the development of large-scale automated systems. A recent dramatic example of IT policy analysis failure was the attempt to use IT to modernize and simplify the operations of the California Department of Motor Vehicles (DMV). A \$27 million project was initiated to upgrade the DMV's computing capacities (Gurwitt, 1996). By late 1993, \$44 million had been spent, and there was no operational system. Analysts then estimated that it would cost an additional \$100 million to achieve the system's original goals. In 1996, managers decided to scrap the program and start from scratch. Failure was largely attributed to policy analysts' gross underestimation of the complexity of the crucial database at the heart of the system. Although the DMV example is extreme, it accentuates the importance of adequate policy planning and a thorough understanding of end users' information environments when an organization considers implementing new information technologies.

Because continual IT advances offer frequent opportunities for change, it is crucial that the manager be guided by an analytical assessment of whether the change in standard operating procedures or the implementation of new technology has high priority and will generate net benefits. It is these priorities and payoffs, rather than the attractive technological possibilities, that should drive the decision to introduce a change in IT. Clearly, the costs and benefits of any such change should be estimated as precisely as possible. IT changes typically require far more investment in money and personnel time than is initially expected. Indeed, personnel costs will exceed hardware and software costs by at least three to one. Moreover, the ongoing costs of maintaining most systems will outstrip development costs.

### Human Resource Criteria

Although such an analytical perspective on IT costs and benefits is useful, it is equally important from an HRM perspective to evaluate the internal conditions of the organization's workforce to determine how IT changes might affect workers. In some cases, changes in IT produce significant enhancements in employees' work environment and job satisfaction. However, the impacts of changes in IT on employees can be extremely complex and might not result in net benefits for the organization, even when the information system works exactly as specified. The manager should assess a variety of issues and ask a number of questions before acting:

- To what extent will the employees' current levels and patterns of IT use be changed?
- Are most staff supportive of expanding IT in their work? Do staff have the IT competence to adapt to changes without extensive training or disruption?
- Will the proposed changes result in job enhancement, or will employees perceive that the changes lead to deskilling or a reduction in the quality of their work environment?
- Will the change cause alterations in information flows that might influence or impede provider-client interactions, supervisory relationships, information sharing, or the boundaries between units or functions?

In an ideal setting, where personnel were viewed as the public organization's major asset, such questions would be carefully assessed. But in most real-world situations, neither managers nor their support staff systematically consider such personnel issues. This is attributable, first, to the time pressures associated with decision and action; second, to the continuing advances in available information technology that seem to make change inevitable; and third, to the typically incomplete and imprecise information at hand for assessing IT impacts on personnel and their work environments. Decisions about hardware and applications software seem more tractable and engaging than those about the subtle and complex impacts of IT on staff. Yet managers should be as concerned with understanding human resource factors as with knowledge of IT changes. Constant vigilance is required.

Many employees lack sufficient training and support to take full advantage of the technological capabilities already on their desktops. Organizations still allocate far fewer resources to upgrade their personnel's IT competence than to upgrade hardware and applications. Such organizations could make a wise investment by improving their IT consulting staff, IS customer service centers, and IT training programs. Other useful tools include providing rewards for end users who assist or train their coworkers and also conducting performance audits to determine end users' actual current levels of effective IT use.

## CONCLUSION

The modern public HR manager faces significant challenges and opportunities in the effective application of information technologies. The rise of e-gov and the push toward more encompassing approaches to IT across the gamut of HR functions promise tremendous potential benefits but serious downfalls if improperly managed. Outside application development, HR must be cognizant of employee policies affected by IT. Recruiting and retention of IT personnel will continue to stress government personnel policies. Finally, HR managers must



maintain a reasonable level of knowledge through IT sources, applying cost-benefit criteria and general human resource considerations in evaluating, developing, maintaining, and improving the application of IT to their work.

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# Using Volunteers in the Workplace

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Over the past two decades, perhaps no other occupational specialization in government has confronted a greater number of important challenges than the field of human resource management. Virtually all of the demands and complaints that have been visited on the public sector in this period have come to rest at the office of the human resource manager. Public personnel administrators have had to respond to cutbacks in government funding and paid staff, legislative mandates to accommodate diverse personnel and extend the rights of employees, court decisions to validate testing procedures and criteria for promotion, exhortations to emulate compensation and benefit systems used by profit-making businesses and to achieve gains in productivity, and pressures to decentralize operations and empower employees and at the same time maintain control and accountability over the workforce.

In a decade that has witnessed growing constraints on the employment and use of human resources, the prospect of drawing on a new source of labor that could be tapped without benefit of monetary compensation has very great appeal, especially to financially strapped governments. The involvement of volunteers in government holds out considerable promise for containing costs and enhancing agency capacity, but the effort also requires planning, organization, coordination, and management. Just as with the other challenges, these demands will likely fall at the door of the human resource manager. This chapter explains how human resource professionals can create and sustain a thriving volunteer program that will serve clients, paid staff, volunteers, and the organization. After

defining volunteers in government, the chapter discusses five challenges for successful volunteer programs: acceptance by paid employees, recruitment of volunteers, accountability to the larger agency and its purpose, management, and evaluation.

## WHO IS A VOLUNTEER?

Although defining who is a volunteer might seem an abstract, theoretical exercise, it is with this question that the design of an effective volunteer program begins. Without a clear conception of the volunteer, the human resource manager is apt to draw very misleading conclusions about the size of the pool of volunteers available and the possibilities for attracting them to government service and using them effectively.

Reviews of the volunteer concept expose a surprisingly broad array of definitions and constituent dimensions (Cnaan, Handy, and Wadsworth, 1996; Cnaan and Amroffell, 1994). Cnaan, Handy, and Wadsworth (1996) find that underlying the various definitions are four principal dimensions: the extent to which the decision to volunteer is free or uncoerced, the extent to which the volunteer receives remuneration (for example, a stipend or reimbursement for expenses), the degree of structure to the volunteer activity (whether it takes place inside or outside an organized setting), and the intended beneficiaries of the activity (other people such as agency clients or the volunteers themselves). Cnaan and Amroffell (1994) are more specific. They show that volunteer activity can be usefully categorized or mapped according to ten broad facets, including who the volunteers are (demographic characteristics), what they donate (for example, time or services), how often or regularly the action occurs (for example, once per year versus once per week) and for how much time per episode, the beneficiaries of the donations, the management aspects of volunteering (such as who, if anyone, manages the activity and what functions that manager performs), and the rewards sought and received by the volunteers. Similarly, Nancy Macduff (1996) has proposed a volunteer taxonomy that classifies volunteer positions according to type (for example, elected or mandated), function (direct service, administrative, or leadership), kind of activity performed, and time and duration of commitment (for example, continuous or episodic).

Each combination of the Cnaan and Amroffell (1994) facets or application of the Macduff (1996) taxonomy will produce very different volunteer profiles with important implications for the design of the volunteer program. As Cnaan and Amroffell (1994) put it, "Only the combination of all facets forms a volunteer profile that is distinctive enough to warrant generalizations" (p. 349). For example, an annual job fair organized by a municipal personnel department and staffed by volunteers will call for a very different program than an effort to place service-learning participants or interns in city government, a volunteer task force

charged with examining municipal operations and making recommendations for improvement, or a citywide beautification project coordinated by the human resource office relying on labor supplied by neighborhood and civic groups. Although each of these programs enlists volunteers, the programs will differ greatly along the various dimensions just discussed, such as structure, intended beneficiaries, remuneration, donated activities, and management.

A poignant illustration of the potential scale of the differences comes from the 1996 Summer Olympic Games, sponsored by the city of Atlanta (Schwed, 1996). As might have been expected, organizers had no problem attracting the more than forty thousand volunteers needed to stage the grand sixteen-day event, and the large number of people from highly professional occupations drawn to that world stage facilitated volunteer management. The rewards were also on a special scale. A Dalton, Georgia, native described the enjoyment and thrill generated by volunteering in the envoy program with the country of Burundi (a small African nation located next to Rwanda) for that country's first Olympic Games. Near the finish line of the men's 5,000-meter event, the volunteer shared the honor of passing the nation's flag to the winning Burundian runner for a victory lap and "will always remember helping to find a flag for my adopted country" (Light, 1997).

The typical volunteer assignment cannot match such stimulation. "Most volunteer work does not convey a sense of completion in days or weeks, much less provide prestige, one hot meal a day and a spiffy uniform. Those laboring in the volunteer trenches sometimes go years without seeing much benefit from their labors" (Schwed, 1996). Lacking the bright glare of publicity, the heady chance to mix with interesting people from around the globe, and the opportunity to witness or even play a part in the dramatic action, recruitment to more prosaic volunteer opportunities in Atlanta has returned to the levels experienced before the Olympics by that city—as well as by other cities and towns that count on volunteers to assist in public health, education, crime prevention, recreation, and other areas. Sustaining participation over the long haul remains a daunting problem.

Although the Cnaan-Amroff typology demonstrates the great diversity of volunteer-based projects, this chapter focuses on the programs that are most common and that have sparked the most interest in the public sector: those that enlist volunteers to serve governments in dedicated positions—ombudsperson, recreation assistant, library docent, emergency medical technician, teacher's aide, museum guide, family counselor, police auxiliary, court advocate, firefighter, and a host of other jobs. Citizens in these positions labor in relative obscurity, usually in social problem areas that do not yield easily to the quick fix. These volunteer programs have the following main characteristics:

- They are conducted under the auspices of a government agency.
- They occur in a formal, organizational context.

- Participants receive no monetary compensation for their labor. The most authoritative surveys probing this behavior—a series of biennial surveys commissioned by INDEPENDENT SECTOR and conducted by the Gallup Organization—as well as many other surveys, operationalize volunteering as “working in some way to help others for no monetary pay” (Kirsch, Hume, and Jalandoni, 2000; Hodgkinson and others, 1996b).
- One should not have to pay financially for the privilege of volunteering, although Volunteers are entitled to reimbursement for out-of-pocket expenses incurred in their activity, such as mileage, meals, and parking. Department of Labor (DOL) regulations issued under the Fair Labor Standards Act (FLSA), passed in 1938, provide that individuals do not lose their volunteer status if they are provided with expenses or reimbursement (Eide, 1995).
- Volunteers’ time should be given freely, rather than mandated (for example, court-ordered community service or restitution lies outside the present definition); compulsion significantly alters the character of the endeavor (Van Til, 1988). DOL regulations state, “Individuals shall be considered volunteers only where their services are offered freely and without pressure or coercion, direct or implied, from an employer” (Eide, 1995, p. 343).
- The volunteers perform jobs with ongoing responsibilities for service delivery (for example, client contact or assistance) or organizational maintenance (for example, supporting paid staff). For volunteers, just as for paid employees, a regular investment of time, albeit at a dramatically reduced level compared to paid staff, is usually necessary for effective job performance.

Human resource managers should be aware that not every volunteer program in the public sector (or the nonprofit sector) has these characteristics (for a discussion of the range of volunteer programs in government, see Brudney, 1990b, 1995b, 1999). However, these provisions delineate the type of program—and the type of volunteer—most often desired by government organizations to assist in agency operations and the delivery of services.

## CHALLENGES OF GOVERNMENT-BASED VOLUNTEER PROGRAMS

Volunteer programs in the public sector constitute examples of coproduction: the active involvement of lay citizens with paid service agents in the planning and especially the delivery of publicly supported goods and services (Ferris,

1984; Percy, 1984; Brudney and England, 1983; Parks and others, 1981). Although citizen-government collaboration is common and takes a variety of forms (see Sharp, 1980; Whitaker, 1980), in this one, citizens are assigned to designated positions in government programs and departments where they work hand in hand with public employees to carry out agency missions (Brudney, 1990b). For the human resource manager responsible for the coproduction effort, designing, implementing, and managing a volunteer program raises five interdependent challenges (Brudney, 1996):

- *Acceptance challenge.* Paid employees must learn to accept and accommodate volunteers on the office floor and in the government workforce.
- *Recruitment challenge.* Volunteers must be attracted to the agency and placed in positions where their backgrounds, skills, interests, and energies can be put to best use.
- *Accountability challenge.* The sponsoring organization must have mechanisms in place to ensure that the volunteer program is operating in a manner consistent with agency values and goals.
- *Management challenge.* The volunteer program must be administered in such a way that despite the absence of monetary incentives, citizens are competent in their duties and perform in a professional manner.
- *Evaluation challenge.* At regular intervals, the volunteer effort and individual participants should undergo assessment to monitor the operation and results of the program.

A successful volunteer program must surmount these challenges. Because each challenge spills over into the other challenges, addressing each one is particularly important. For example, a volunteer program faces no more crucial challenge than recruitment. Without citizen involvement, coproduction is stymied, and all other challenges become meaningless. Successful recruitment depends, in turn, on gaining employee acceptance for the volunteer program. Unless employees can be won over, volunteer recruitment (and retention) will be problematic. Recruitment depends as well on creating and offering jobs within the agency that stimulate the interest and service motives of volunteers—key management functions. Thus should the program fail to meet either the acceptance challenge or the management challenge, the recruitment challenge is put in jeopardy as well.

Winning the acceptance of paid employees for the volunteer program hinges on involving them in decisions on how to share the workplace with citizens. These agreements provide the foundation for identifying the jobs to be performed by volunteers, a critical management challenge. Employees need reassurance concerning not only the jobs volunteers are to perform but also the training and orientation volunteers are to receive in preparation for agency work

roles. Programs that falter in providing such background knowledge and training jeopardize not only employee acceptance of volunteers but also program accountability to agency values and objectives. Finally, the accountability and evaluation challenges are closely intertwined. A goal in the evaluation of any program (volunteer or otherwise) is to generate information that can be used to gauge the extent to which authority and funding have been applied appropriately and effectively toward public purposes and accountability has been met.

Given the interrelationships among the challenges, a lapse in addressing any one of them could have far-reaching implications for the success of the volunteer program. Each challenge is discussed in detail in the following sections.

### Meeting the Acceptance Challenge

Successful volunteer programs in government constitute a partnership between employees and volunteers. Coproduction relies on the labor and cooperation of both parties in meeting organizational objectives. Without the support of paid staff for a volunteer program, or at the least their tacit acquiescence, the promise held out for these ventures—for example, increasing agency productivity, responsiveness, and community representation—will not be realized. Conflicts and antagonisms between paid and nonpaid staff sap the volunteer effort of vitality, impair organizational performance, and ultimately jeopardize client welfare. Even subtle forms of resistance can undermine volunteers on the job and retard recruitment and retention of citizens.

Writing in 1977, volunteerism expert Ivan Scheier called the often indifferent or antagonistic reception of paid staff to the inception and operation of a volunteer program an “old failure” (p. 32). In spite of escalating demands for services and diminishing resources to meet them in the ensuing decades—conditions that should have opened public and nonprofit agencies to volunteer assistance—the problem of acceptance has persisted (Lafrance, 1996). In some cases, unfortunately, insufficient attention to program implementation has given employees reason for distrust and suspicion. When top officials introduce volunteers without an underlying foundation for collaboration—consisting of job protections for employees, adequate orientation and training for volunteers, jobs designated expressly for citizens, and a program structure that renders the use of nonpaid personnel easy and advantageous for paid staff—opposition can be anticipated. The blame cannot be placed on agency leaders alone, however. Even with the proper foundation in place, employees have resisted the introduction of what could be a valuable citizen resource, offering not only help on the job but also support in the political system (Brudney, 1990b).

The key to surmounting the acceptance challenge lies in involving all parties—top-level organizational officials, paid staff members, and citizen volunteers—in planning the volunteer program and in making the crucial decisions



on sharing the workplace (Brudney, 1990b). Referring to the field of social work, Jean Lafrance (1996) has described the urgency of this task: "A new alliance must be forged between social workers and volunteers to help people in need. The alliance will not come from a paradigm of domination by one of the other, but from a spirit of equality that respects and values the unique contribution each has to offer. The opportunities for service are many. . . . [The alliance] must call forth the best that both professionals and volunteers have to offer" (p. 7). The charge is no different in the other public service domains.

Thus top officials should not unilaterally impose volunteer involvement but work with paid staff to earn their approbation and backing. Employees deserve input into decisions and changes that can dramatically affect the workplace and the welfare of clients; the paid workforce is more knowledgeable than any other group concerning the service demands that it can accommodate and, conversely, areas where additional assistance is most necessary and welcome. Conversely, citizens are in a position to offer fresh insights into agency operations and relations with the community and, of course, the job responsibilities within the agency that volunteers would be most likely to embrace. They, too, deserve a say.

Gaining the acceptance of employees for the volunteer program rests on their participation, along with volunteers and high-level organizational officials, in formal meetings or discussions intended to come to agreement on the goals underlying volunteer participation in the agency, the tasks to be allocated to citizens (and those to be retained by employees), and the overall philosophy guiding the volunteer effort. This process should culminate in formal policies and guidelines governing volunteer involvement in the agency. The most important set of decisions is the designation of jobs that might be assigned most productively to volunteers. The respective job tasks for nonpaid and paid workers should be codified in formal job descriptions, with the stipulation that neither group will hold the positions reserved for the other.

To allocate work responsibilities between employees and volunteers, Susan Ellis (1996) recommends that an agency reassess the jobs of all staff. Although no task is inherently volunteer or paid, prime candidates for delegation to volunteers are tasks with the following characteristics:

- Those that might be performed periodically, such as once a week, rather than on a daily or inflexible basis
- Those that can be performed on a part-time basis
- Those that do not require the specialized training or expertise of paid personnel
- Those that might be done more effectively by someone with specialized training in that skill

- Those for which the position occupant feels uncomfortable or unprepared
- Those that might be performed “episodically,” that is, on an occasional basis using very short time intervals
- Those that might be performed “virtually” or through computer technology such as e-mail or the Internet
- Those for which the agency possesses no in-house expertise

Nearly always, successful implementation of the volunteer program necessitates organizational changes requiring the approval of top agency leadership. Leaders’ endorsements are essential to signal the importance of volunteerism to the agency and to lend authority to the initiative. In addition, in government-based volunteer programs, legislation may have to be introduced or amended to permit the use of nonpaid personnel; paid positions in volunteer administration created, posted, and bid; volunteer policies and procedures approved and disseminated; and resources committed to the program.

Not only paid staff but also top agency management must accept the citizen participants. Human resource managers can work to meet the acceptance challenge by involving employees in volunteer program design and by laying the foundation for a collaborative effort that furthers the interests of paid staff, volunteers, and ultimately agency clients.

### **Meeting the Recruitment Challenge**

As noted earlier, coproduction involves a mixing of the productive labor and talent of citizens and paid staff. For the human resource manager committed to establishing and maintaining a volunteer program, the combining of effort raises two interdependent challenges: employees must come to accept (or tolerate) working with volunteers (the acceptance challenge just discussed), and citizens must be attracted to nonpaid positions in public agencies. No less than on gaining employee acceptance, the success of the volunteer program depends on meeting the recruitment challenge to enlist volunteers in attractive and worthwhile service in the public sector.

Government is not the sole outlet for volunteers’ contributed time and labor but must compete for this time and labor with nonprofit organizations. In fact, the nonprofit sector is far and away the leading employer of volunteer labor, accounting for about two-thirds of all volunteer work assignments (66 percent) and hours donated (68.1 percent), compared to roughly one-quarter for government agencies (26.6 percent of work assignments and 25.3 percent of hours). The remainder of the vast pool of donated labor is directed to for-profit organizations that sponsor volunteer programs, frequently staffed by their own employees. Although the Fair Labor Standards Act proscribes for-profit firms from enlisting or otherwise using volunteers, a business may establish a nonprofit

organization or foundation to house a volunteer effort, as many private hospitals and museums do. According to national surveys, as many as 7.5 percent of all volunteers may donate time to business-supported volunteer programs, which account for 6.5 percent of all hours volunteered (Hodgkinson and others, 1996b, pp. 75–76, 105).

Human resource managers confronting the recruitment challenge might take comfort in findings from surveys of the voluntary behavior of the American public. A nationally representative survey sponsored by INDEPENDENT SECTOR in 2001 found that 44 percent of adults over the age of twenty-one reported that they had volunteered with a formal organization in 2000. Moreover, 69 percent said that they volunteered on a regular basis, monthly or more often (Toppe, Kirsch, and Michel, 2002, pp. 36–37).

Further confirmation of the voluntary behavior of Americans emanates from a series of biennial national surveys conducted by the Gallup Organization from 1988 through 1999. Because these surveys are based on a sample eighteen years of age or older (rather than twenty-one and older, as in the 2001 survey), the findings cannot be directly compared. They are meaningful, nonetheless. In the national surveys spanning more than a decade, the percentage of Americans eighteen and older who claimed to have volunteered in the past year has hovered at around half the population. The estimate for 1998, based on a 1999 retrospective survey, puts the figure at its highest level, 55.5 percent, although it should be pointed out that the rate has shown considerable fluctuation and has been as low 45.3 percent (in the 1988 survey) (Kirsch, Hume, and Jalandoni, 2000, p. 21). According to the 1999 survey, 109 million citizens volunteered an average of 3.5 hours per week to organizations and causes in 1998 (continuing a drop in the weekly average hours volunteered, from a high of 4.7 hours per week in 1987), generating a total of just over 19.9 billion volunteer hours, the equivalent of 9.3 million full-time employees (based on 1,700 hours per year per employee). The donated labor was valued at a staggering \$225.9 billion. Because national surveys routinely demonstrate such impressive statistics regarding the generosity of the American people (for example, Kirsch, Hume, and Jalandoni, 2000; Hodgkinson and others, 1996a), observers might reasonably question whether recruitment poses a genuine challenge to a volunteer program.

Yet close examination of the surveys reveals that with respect to the aims of building and sustaining volunteer programs in government, the estimated rate is quite misleading: it includes all acts of volunteering—both formal (within an organization) and informal (outside of organizational auspices), regular (on a continual basis) and sporadic (one time only or episodic), and requiring large and small amounts of time per episode—and to all types of institutions (secular and religious, government and nonprofit). Applying the definition of volunteer program elucidated previously as a means of correcting for these and other survey features, the effective pool of volunteers potentially available to government

agencies is probably only about one-third the size suggested by the national surveys (see Brudney, 1990a, for a complete analysis). This group is highly prized, moreover, not only by government agencies but also nonprofit organizations.

Other studies, too, dispel the notion of a ready pool of volunteers eagerly awaiting the call from government and other agencies to lend a hand. A small army of social scientists, led by Robert Putnam (1995), laments an erosion in “social capital” in recent decades, a weakening of norms of personal trust and community participation. The trend is exemplified by steep declines in membership in and volunteering for such mainline civic and fraternal organizations as the Boy Scouts, Red Cross, League of Women Voters, Lions, Elks, Shriners, Jaycees, and Masons. Due to such factors as increased residential mobility, the movement of women into the labor force, the transformation of leisure into a more solitary activity by technology (such as television, the VCR, and the Internet), and other demographic changes, traditional sources of volunteers and stimuli for volunteer participation are eroding.

These changes have not been lost on human resource professionals responsible for government-based volunteer programs. Surveys of this group confirm that recruitment poses a serious challenge (for example, Brudney, 1990b; Duncombe, 1985). On the one hand, some organizations, such as volunteer fire departments, have begun to rely more heavily on paid than on nonpaid staff (Brudney and Duncombe, 1992). On the other hand, human resource managers have used a variety of novel strategies to recruit citizens effectively. To attract volunteers, here is what these officials do:

- *Practice outreach.* No matter how commendable their volunteer programs, human resource managers should not assume that citizens will take the initiative to learn about them and to commit their time. Most people who volunteer have been asked to do so.
- *Publicize the volunteer program.* Citizens have many fulfilling avenues to take in donating their time. Human resource managers should make every effort to publicize the volunteer program and its opportunities for service at the workplace, school, church, synagogue, neighborhood group, civic and other associations, and so forth.
- *Design positions for volunteers that appeal to their motivations.* The content and variety offered by the job, as well as possible progression in responsibility, are important factors to many volunteers.
- *Invest in human capital.* At least some volunteer positions should enable participants to acquire contacts, training, and references that increase their marketability for paid employment.
- *Exercise flexibility in job design.* Consider having some jobs for volunteers that might be performed outside the agency (for example, in the

home or automobile), some tasks and assignments that are conducive to group-based volunteering (for example, by the family, religious congregation, or work unit or organization), and some fixed-term or short-term (rather than open-ended) volunteer appointments.

- *Experiment with new forms of volunteer engagement.* For example, consider “e-volunteering,” conducted through electronic communication such as the Internet, and “episodic volunteering,” very short, specific, and sporadic volunteer work assignments.
- *Facilitate volunteer involvement.* When possible, extend the opportunity to volunteer beyond the traditional working hours to evening and weekends, provide transportation and all necessary equipment and supplies for volunteers, and reimburse participants for all out-of-pocket expenses (for example, mileage, parking, meals, and child care).
- *Celebrate volunteer participation.* Give volunteers the chance to affiliate with important policymaking bodies (commissions, boards, and other institutions), meet elected officials, and receive public recognition for service.

Finally, managers can strive to build an organizational culture receptive to volunteer involvement. This step begins with gaining employee acceptance for volunteers, as discussed earlier. Although none of these strategies alone is likely to prove sufficient, together they can surmount the recruitment challenge (Brudney, 1995a).

### Meeting the Accountability Challenge

In third-party arrangements for the delivery of public services—such as contracting out, public-private partnerships, and franchise and voucher systems—the accountability challenge lies in ensuring that the goals and effort of nongovernment service providers remain focused on and consistent with the values and purposes of the host agency. Engaging volunteers in the front lines of public service delivery or in support roles is another form of this indirect administration, in which government organizations grant authority to citizens to assist in carrying out the public’s business. As with any such grant, the challenge is to establish mechanisms to maintain the accountability of the third parties.

The accountability challenge is all the more pressing with respect to volunteers because the scope of their involvement in the public sector has become so wide. A 1996 survey conducted by the National Association of Counties (Lane and Shultz, 1996, p. 1) found that an astonishing 98 percent of counties involve volunteers in government operations (including advisory boards, firefighters, and other direct service roles). As might be expected, the area in which counties use volunteers most often is firefighting and emergency medical services (73 percent);

however, volunteers are also common in many less traditional service domains, including programs for the aging (64 percent), libraries (50 percent), parks and recreation (49 percent), youth services (48 percent), social services (43 percent), education (42 percent), environment and recycling (41 percent), sheriff and corrections (40 percent), community and economic development (37 percent), public safety (35 percent), and public health (33 percent) (p. 5).

Although survey research pertaining to the use of volunteers by city governments is more dated (Morley, 1989), findings likewise showed very broad participation by citizens in service delivery in areas such as culture and the arts (41 percent of cities), food programs (37 percent), museum operations (34 percent), recreation (26 percent), homeless shelters (26 percent), and programs for the elderly (25 percent) (pp. 42–43). The county survey, moreover, suggests dramatic increases in government involvement of volunteers in the 1990s (Lane and Shultz, 1996, p. 2). The widespread use of volunteers in the federal government and in state governments is documented elsewhere (Brudney, 1995b, 1999).

Given the breadth of the delegation of public functions and obligations to volunteers, accountability for processes and results is a salient issue. Human resource managers must see that the application of citizen effort remains consistent with public sector norms and goals. Two primary methods can help them to do so.

First, organizational leadership should establish a position bearing overall responsibility for volunteer management and representation. This volunteer director or coordinator position should lodge accountability for the program squarely with the incumbent, link this official with the program performance and thereby provide incentives for effective oversight and supervision, serve as the focal point for all contact with the volunteer operation (for example, inquiries, complaints, requests, and referrals), and require this official to implement a core structure for program administration. The coordinator should work with department and other organizational officials to ascertain workloads and requirements for voluntary assistance and act as the in-house expert on all aspects of volunteer involvement and management, including orientation and training. As spokesperson for the volunteer program, he or she should endeavor not only to express the perspectives and views of the volunteers but also to allay any apprehensions of paid staff and to facilitate collaboration between these two groups.

Despite ample justification to create and maintain a position with responsibility for volunteer programs, relatively few public agencies appear to have done so. According to the National Association of Counties survey, well over half the counties in the United States (60 percent) do not have a volunteer coordinator (Lane and Shultz, 1996, p. 7). As unsettling as this rate may be, it appears to surpass the rates in other jurisdictions. In a national survey, only about one in five cities with volunteer programs had an official designated as program head (21.9 percent); in many instances, the municipality had simply appended this

function onto an existing job description (Duncombe, 1985, p. 363). Similarly, a survey administered to all Georgia cities and counties found that just 12 percent of local governments that engaged volunteers in service delivery had a “volunteer coordinator or other official with recognized responsibility for volunteer programs” (Brudney and Brown, 1993, p. 14). A large study of school districts in the western United States reported that 30 percent had a volunteer coordinator to manage citizen activities in the school district (Harshfield, Peltier, Hill, and Daugherty, 1996, p. 10). By dedicating resources to this position, human resource managers can increase accountability in the administration of the volunteer program.

A second method the human resource manager can use to achieve this goal is to institute and disseminate policies governing the volunteer program. A compact manual or booklet summarizing policies and procedures should be distributed at orientation sessions for volunteers and should be readily available to all staff, nonpaid and paid alike. Policies should address all important aspects of the volunteer program, including public sector norms (for example, equal treatment, confidentiality, record keeping), application procedures, probationary acceptance period (if applicable), general standards of conduct, attendance and absenteeism, task assignment and reassignment, performance review, benefits and duties, grievance procedures, reimbursement of expenses, use of agency equipment and facilities, and suspension and termination (McCurley and Lynch, 1989). Although the provisions established may dissuade some potential volunteers, it is far better to set the appropriate tone and standards for the program prior to acceptance of volunteers than to court possible management, morale, and liability problems later from citizens who inadvertently receive the (incorrect) message that any behavior will be countenanced (Brudney, 1990b; compare Fisher and Cole, 1993). Policies for the volunteer program should normally be developed at the acceptance stage but will need to be elaborated, amended, and expanded during implementation and operation.

Although published standards of organizational policy and procedures for volunteers may strike some observers as inimical to the spirit of help freely given, this step is highly constructive for the agency, employees, and volunteers. Explicit policies demonstrate that the agency takes the participation of volunteers seriously, values their contribution to the organizational mission and goals, and seeks to maintain collaborative working relationships. Equally important, formal guidelines greatly help in defusing potential conflicts, handling problem situations on the job, protecting volunteer and employee rights and prerogatives, and managing for consistent results. Steve McCurley and Rick Lynch (1989) advise human resource managers that agency guidelines for volunteers should be comparable to the respective policies for employees: “If you have a question about the content of a policy or procedure, refer to the agency policies and procedures for paid staff. The rules should be as similar as possible” (p. 23). By setting standards as



high for volunteers as for paid staff, an agency engenders trust and credibility, increased respect and requests for volunteers from employees, a healthy work environment, and perhaps most important, high service quality.

In short, to enhance the accountability of volunteer-based services, human resource managers should first insist on the establishment of a volunteer coordinator or director position. Then they should see to the creation and distribution of a volunteer handbook that communicates the norms and values of public agencies and provides relevant policies and procedures. These steps are inter-related. A study of school districts in the western region of the United States found that those that employed a volunteer coordinator differed significantly from those that did not with respect to the importance they attached to various components of volunteer policy and management, such as recruitment, recognition, confidentiality, and legal issues (Harshfield, Peltier, Hill, and Daugherty, 1996). The larger school districts were more likely both to employ volunteer coordinators and to place greater importance on these provisions.

### Meeting the Management Challenge

In addition to the challenges of gaining employee acceptance, securing adequate volunteer recruitment, and increasing program accountability, human resource managers must provide a sound underlying structure for managing the volunteer effort. Simply introducing volunteers without consideration for the managerial task thus created will not solve but rather exacerbate the problems public agencies face. Although agency leaders may find the potential advantages offered by volunteers persuasive, they should resist introducing citizens until a structure to maintain and direct volunteer involvement has been put in place. The management challenge consists of designing and implementing a program structure that develops, channels, and sustains volunteer talents and energies toward the achievement of organizational objectives. A well-structured program has the following main characteristics:

- It gives orientation to its citizen participants (see the earlier discussion).
- It interviews and screens prospective volunteers to ascertain competencies, background, experience, and aspirations.
- It offers a range of volunteer jobs to aid citizen recruitment and to offer continuing motivation to volunteers; relevant job descriptions are developed, codified, and amended as necessary.
- It places citizens in work assignments crucial to the agency, also allowing these citizens to meet some of their own needs for, for example, personal growth, esteem enhancement, career exploration, and community benefit.



- It furnishes training for volunteer positions as these assignments warrant.
- It provides support and technical assistance to paid employees who work directly with volunteers; orientation and training for these employees are desirable.
- It assesses the performance of volunteers and the volunteer effort as a whole and provides appropriate recognition.

The essential building block of a successful volunteer program is the job description. It is the primary vehicle for recruiting volunteers, reassuring employees, and meeting organizational and client needs. “The importance of a volunteer job description cannot be overstated,” writes McCurley (1994). “The job description is the agency’s planning tool to help volunteers understand the results to be accomplished, what tasks are involved, what skills are required, and other important details about the job” (pp. 515–516). All other aspects of volunteer management—recruitment, interviewing, screening, placement, supervision, training, evaluation, and recognition—emanate from the job description. (A sample job description is presented in Exhibit 10.1.)

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#### Exhibit 10.1. Sample Job Description for a Volunteer Position.

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**Title:** Museum docent

**Purpose:** Conduct tours of museum and interpret and explain collection to patrons.

**Results:** Docent should gain knowledge of museum collection; docent-led tour of the museum should be conducted once per hour; patrons should be satisfied with the tour and have any questions answered; docent should promote the museum to patrons and make clear the nature of the funding process.

**Measures:** Docent must pass preliminary test regarding museum collection (orientation and study materials provided); number of museum tours conducted; number of patrons who attend the tours; patron surveys of museum have items concerning the docents and museum tours, including knowledge, friendliness, presentation of docent, and patron satisfaction with the tour; survey also has items concerning the future interest of the patron in supporting the museum.

**Suggested Activities:** The museum welcomes docent involvement. Depending on their particular interests and ideas, docents are encouraged to make the tour their own by supplementing the basic body of knowledge about the collection, determining the order of presentation, injecting their own personality, engaging in discussion, developing media presentations, and so forth.

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**Exhibit 10.1. Sample Job Description for a Volunteer Position, Cont'd.**


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**Qualifications:** The docent must have a strong interest in art, especially the artwork displayed in the museum. Although it is recommended that the docent possess the relevant background, the museum is prepared to provide it through orientation and learning materials when necessary. Creativity, enthusiasm, and an enduring commitment to sharing knowledge about art with others are highly encouraged. Must be eighteen years of age and have graduated from high school. Appropriate dress is required in the museum (dressy casual).

**Time Frame:** Minimum number of hours per week is four on-site; most docents volunteer for more hours. Great flexibility to schedule hours according to docent availability, although some shifts are more popular (early evening) than others (morning). Minimum length of commitment to make the experience worthwhile to docent and museum is six months.

**Work Site:** Preparation is possible off-site, but all work shifts are in the museum.

**Supervision:** The director of volunteer docents (a paid position) and her or his assistants (who are volunteers) provide supervision, monitoring, and support. They are responsible for orientation, training, and evaluation.

**Benefits:** The museum is open to study by docents to fulfill internship, service-learning, research, or other educational requirements. Docents will learn about art. Docents may attend without charge any fee-based exhibition or any talk or discussion by artists or commentators sponsored by the museum. Docents receive designated discounts at the museum store. Docents will meet other people who support the arts and have the opportunity for input to the museum administration. Succession to more responsible jobs in the museum is possible and welcomed.

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Despite the significance of this component, no intrinsic basis exists to create a position, or classify an existing one, as paid or volunteer. As a result, the process by which work responsibilities are allocated between paid and nonpaid personnel is the crucial element in job design (Brudney, 1990b). As elaborated earlier, this process begins with meetings among top agency officials, employees, and volunteers themselves, if possible, to work out in advance of program implementation an agreed rationale for involvement of volunteers, the nature of the jobs they are to perform, and the boundaries of their work. The result should be a general agreement that designates (or provides the foundation for distinguishing) the jobs assigned to volunteers and those held by paid staff.

In the next step of the job design process, the human resource manager should query employees (for example, through a survey or personal interviews)

to ascertain key factors about their jobs and to make them aware of volunteers' potential contributions. Surveys or interviews should seek to identify the job aspects that employees most enjoy performing, those that they dislike, and those for which they lack sufficient time or expertise. The manager should also probe for areas in which employees feel the organization should do more, client needs remain unmet, staff support would be welcome, and novel or different organizational goals could be undertaken if greater time and skills were available. Because employees often lack background information regarding the assistance that volunteers might lend to them and to the agency, the survey or interview (or, alternatively, in-service training) should provide resource material about typical volunteer tasks, such as a listing of the jobs or functions that nonpaid staff are already performing in the agency or in similar organizations (compare Ellis, 1994; McCurley and Lynch, 1989).

The International City/County Management Association advises local governments that "volunteer job descriptions are really no different than job descriptions for paid personnel. A volunteer will need the same information a paid employee would need to determine whether the position is of interest" (Manchester and Bogart, 1988, p. 59). That advice applies equally to any organization seeking volunteers. A useful job description will specify job title and purpose, qualifications and duties, examples of activities to be performed, time commitment (for example, hours per week), job site or location, proposed starting date (and ending date if applicable), authority invested in the position, reporting and supervisory relationship, and benefits to the occupant.

The management structure of the volunteer program must also see to the legal and liability aspects of donated labor, a complicated and sometimes conflict-ridden area of labor law. Although the Fair Labor Standards Act specifically distinguishes volunteers from employees and would thus seem to exempt volunteers from its provisions, litigation has nevertheless erupted over the use and implications of contributed labor. In a 1993 case brought by paid firefighters in Montgomery County, Maryland, and based on the FLSA, for example, the Department of Labor ruled that professional firefighters could not donate their spare time to help combat fires in their own communities because the donations suppressed the overtime wages of paid firefighters (Walters, 1996).

One reason for the legal thicket surrounding volunteer involvement in government and nonprofit agencies had been variations in state laws and sometimes even in local provisions that dealt with such matters. Culminating a decade of lobbying and promotion from nonprofit organizations and groups, some uniformity has been brought to the issue of volunteer liability. On June 19, 1997, President Clinton signed into law the Volunteer Protection Act (VPA) of 1997, intended to provide volunteers with some protection from lawsuits; encourage people to volunteer for nonprofit civic, charitable, government, and other organizations; and bring down the high cost of liability insurance. Three aspects of

the VPA are particularly significant for volunteer management: the law protects volunteers from lawsuits in civil cases only, not criminal cases; the volunteer must have been acting within the scope of her or his responsibilities at the time of the act or omission; and the protection extends only so long as the volunteer does not engage in willful or criminal misconduct, gross negligence, reckless misconduct, or conscious, flagrant indifference to the rights or safety of others (Martinez, 2003).

The Volunteer Protection Act does not give volunteers blanket immunity from lawsuits, but it places an even greater emphasis on the elements of volunteer management discussed here. The requirement that volunteers must have been acting within the scope of their responsibilities for the law to apply means that a program must provide current, accurate job descriptions for each volunteer. Without these documents, the organization cannot demonstrate what any volunteer's job was supposed to have been and thus puts itself at legal risk according to the VPA. The exceptions in the law for willful or reckless misconduct, gross negligence, and flagrant indifference on the part of the volunteer send a similar message: to avoid such counterproductive and potentially dangerous behaviors—and to provide quality services for clients—the volunteer program must reflect competent management, especially proper screening, orientation, training, and policies and procedures.

In sum, to the degree that the volunteer program can facilitate the work of paid staff, agency leaders can anticipate not only employees who are more likely to accept it but also higher levels of organizational performance. The key is a management structure that attends to the major elements of effective volunteer participation. As suggested by the recent growth in the number of colleges and universities that offer courses in volunteer administration (Brudney and Stringer, 1998), volunteer program management is becoming increasingly professionalized (Association for Volunteer Administration, 1999). If program management duties are instead left to employees to perform (or to ignore), the prospects for successful volunteer involvement dim considerably.

### Meeting the Evaluation Challenge

The final challenge, evaluation, entails collecting systematic information on the processes and results of the volunteer program and applying these data toward program assessment and, one hopes, improvement. Evaluation of the volunteer program should focus on its consequences for three target audiences: the clients or intended beneficiaries of the volunteer program, paid employees and other components of the sponsoring agency, and the volunteers themselves. Ideally, a volunteer program attempts to achieve positive results for all three constituencies. Evaluation is necessary to appraise both accomplishments and limitations of the program and, on this foundation, to present recommendations.

Research shows that the evaluation function is carried out less often and less well than many of the other central elements of the volunteer program. Findings from the National Association of Counties survey are indicative. Of a listing of eleven administrative components or tools, “most often, the component the volunteer program did not include was the program evaluation or the volunteer evaluation” (Lane and Shultz, 1996, p. 4). Program evaluation was conducted by just 18 percent of counties and volunteer evaluations by staff by just 17 percent. Only 31 percent of counties had prepared an annual report summarizing volunteer efforts (p. 8). Other studies confirm these results. In a national sample of cities over 4,500 in population that used volunteers in service delivery, only 11.6 percent had made an evaluation study (Duncombe, 1985, p. 363). And just 5 percent of a representative sample of Georgia cities and counties with volunteer programs had conducted an evaluation (Brudney and Brown, 1993, p. 14). When government officials pay so little heed to volunteer program monitoring and oversight, not only is the evaluation challenge imperiled but the accountability challenge as well.

Keeping accurate records of volunteers’ participation in host organizations is indispensable to meeting the evaluation challenge. A 2003 study of Canadian nonprofit organizations found, however, that just 37 percent of the sample of 156 nonprofit organizations kept records of volunteer contributions of time (Mook, Sousa, Elgie, and Quarter, 2003). Only 7 percent took the next step of estimating a dollar value for these volunteer contributions to their organizations. Finally, just 3 percent of the sample included a value for volunteer contributions in the organization’s accounting statements.

Reluctance to collect information on volunteers’ contributions of time and to evaluate the resulting performance is understandable, if lamentable. Organizations that rely on the goodwill and donated labor of volunteers may be loath to question through evaluation the worth or impact of such helping efforts. In addition, officials may be apprehensive about the effects of an evaluation policy on volunteer recruitment and retention and on public relations. Nevertheless, evaluation is essential to keep the volunteer effort focused on the objectives of the program and the goals of the sponsoring agency and to assess results.

The fears of organizational leadership notwithstanding, volunteers have good reason to view personnel appraisal in a favorable light. A powerful motivation for volunteering is to achieve worthwhile and credible results; evaluation can guide volunteers toward improvement on this dimension. Susan Ellis (1996) explains that evaluation of performance is actually a form of compliment to the volunteer: a sincere effort at appraisal indicates that the work merits review and that the individual has the capability and will to do a better job. Moreover, for many who contribute their time, volunteering is an opportunity to acquire or hone desirable job skills or to build an attractive résumé for purposes of paid

employment. To deny constructive feedback to those who give their time for organizational purposes and who could benefit from this knowledge and often hope to do so is both a breach of ethics and a disservice to the volunteer.

Volunteer-based services normally require the participation of not only volunteers but also paid staff. If organizational officials are committed to having employees and volunteers work as partners, evaluation should apply to both. Although this function is frequently overlooked in job analysis, employees expected to work with volunteers should have the pertinent responsibilities written into their formal job descriptions, and performance appraisal should assess employees' requisite skills in volunteer management. Just as demonstrated talent in this domain should be encouraged and rewarded, an employee's resistance to volunteers or poor work record with them should not be overlooked and therefore implicitly condoned. As necessary, the organization should support training activities for paid staff to develop competencies in volunteer administration.

Finally, agencies that mobilize volunteers for public purposes should periodically conduct an evaluation of program outputs or impacts. Too often what passes for evaluation is a compilation of the number of volunteers who have assisted the organization, the hours they have contributed, and the total client contacts they have made. Some agencies calculate the equivalent dollar value of the services donated by volunteers, based on the wage rates the organization would have otherwise had to pay. Although such statements routinely document tremendous levels of contributed effort and monetary value in both public and nonprofit institutions, they almost always neglect the costs of volunteer involvement. More important, they focus on the volunteer program's inputs or resources rather than its accomplishments.

Human resource managers should call for two additional kinds of program evaluation. First, just as they are expected to do for any other operational unit, agency officials should at regular intervals assess the outcomes of the volunteer program against its stated goals or mission. Officials need to review the aggregate performance of the volunteers in assisting clients, addressing community problems, expediting agency operations, and meeting other objectives. For example, a volunteer program organized by a city recreation department to help meet the vision of having all children in the community participate in at least one sports activity might be assessed on such relevant criteria as the numbers of leagues and teams organized, the numbers of children and of adult coaches involved, and the numbers of children and of coaches who are new or repeat users of recreation department services. A volunteer program intended to attract disadvantaged youths to the library might be evaluated on the basis of outreach efforts (bookmobile trips, talks at schools, preschools, and day care facilities), special activities for this audience (cultural awareness programs, reading clubs), new library cards issued to the target group, and repeat uses of library privileges. A volunteer program sponsored by the municipal personnel

department with the mission of placing unemployed workers in jobs (public or private) might be expected to hold training sessions on such relevant topics as preparing a résumé, finding a job, interviewing for a position, and instilling effective job habits and attitudes and might be held accountable for such results as session attendance, training program completion, and ultimately job placement rates. Not only does this kind of assessment against goal-related criteria yield information that can improve program functioning, but it also reinforces the importance attached by the organization to the volunteer component.

The second additional type of evaluation assesses volunteer program processes. Officials should determine that procedures to meet essential program functions such as recruitment, orientation, screening, placement, and recognition are in place and operating effectively and should identify any areas needing improvement. The evaluation should also attempt to gauge the satisfaction of volunteers and paid staff members with the program and determine their perceptions of the program's impact on clients and the external environment.

## CONCLUSION

As government agencies move increasingly to incorporate volunteers, human resource managers are likely to inherit new responsibilities. A volunteer program engages the assistance of citizens who donate their time to public programs or services in an organizational context. This behavior is not mandated or coerced but undertaken willingly. Although volunteers do not expect monetary compensation, they are entitled to reimbursement for out-of-pocket expenses and other costs associated with this activity. A volunteer program places citizens in positions that require a regular expenditure of their time and talents.

These volunteer programs can offer definite advantages to government agencies, including expansion of services, containment of costs, and improvements in responsiveness and community relations. To achieve these benefits, the program must be designed and organized to meet five interdependent challenges. Human resource managers must work to gain the acceptance of employees for volunteer involvement, recruit citizen participants for designated positions, ensure accountability of the program to public values and goals, establish a program structure that facilitates management, and evaluate the program with an eye toward improvement.

Human resource managers charged with responsibility for volunteer programs will find that even though effectual, these strategies normally exact costs, for example, in terms of the manager's time and effort and for the organizational resources that must be devoted to such activities as orientation and screening of prospective volunteers, training for citizens and paid staff, supervision of participants, reimbursement of out-of-pocket expenses, distribution of program policies



and other information, and provision of materials and supplies. Volunteer labor may be donated, or free, but volunteer programs are not. Michael Connelly (1996) warns, "Almost magically, it seems, volunteers will step into otherwise vacant areas of need with the knowledge, training, and ability to perform many necessary functions previously left undone. The theory is that this will allow fiscally strapped governments to do as much, or more, for public services even as their funding decreases. The increasing demands on tax dollars may force us to consider a greater deployment of volunteers for service delivery, but only if there is an in-place and functioning infrastructure for effective volunteer involvement" (p. 21). Providing this infrastructure is the job of the human resource manager.

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## PART THREE



# MANAGING HUMAN RESOURCES

*management: . . . judicious use of means to accomplish an end . . .*  
—Merriam-Webster's Collegiate Dictionary, Eleventh Edition\*

As public organizations continue to change, the judicious and effective management of human resources is critical. This third part of the *Handbook of Human Resource Management in Government* provides new insights and practical applications for what have been considered many of the core functions of human resource management, such as managing relations with unions and conducting organizational training and development activities. Part Three also discusses how to effectively manage conflict in the organizational context, promote ethical behavior in the workplace, and shape an effective organizational culture and climate.

David G. Carnevale and Kay Ham set the tone with Chapter Eleven, “Public Human Resource Management: An Organizational Development Perspective.” The authors’ principal argument is that human resource systems can be implemented in a fashion that supports, rather than inhibits, the achievement of an organization’s overall strategic plan. They demonstrate how goal congruence in an atmosphere of organizational trust can strengthen the human resource management function and help propel organizations toward high performance.

Chapter Twelve, “Practical Strategies for Increasing Ethical Behavior in the Workplace” by Rex L. Facer II and Mark D. Bradbury, highlights the importance

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of ethical behavior in the workplace. The authors discuss ethical behavior in the public sector workplace and point the reader to numerous sources for assistance in creating training programs and codes of conduct.

In Chapter Thirteen, “Organizational Investment in Employee Development,” Montgomery Van Wart demonstrates how public organizations can increase their capacity by enhancing the “investment in employees as assets” and nurturing “an appreciation of the fact that employees form the core of a successful enterprise.” Given the changing environment in which public organizations find themselves, Van Wart presents an investment model aimed at rethinking the employment relationship and human resource management. He argues that viewing employees as assets, as opposed to costs, is key to improving organizational performance, and he furnishes examples of how human resource managers can enrich organizational capacity building by using organizational assessment surveys and training needs assessments. Van Wart also explains differing strategies for individual and organizational interventions aimed at increasing the performance of individual employees and organizations.

J. Steven Ott and Abdul M. Baksh continue the theme of managing human resources in Chapter Fourteen, “Understanding Organizational Climate and Culture.” The chapter presents a theoretical basis and practical applications that provide the human resource manager with a greater understanding of organizational culture and climate. Ott and Baksh explain that “organizational climate and culture hold keys that a human resource (HR) manager can use to unlock the status quo—to help the organization advance to a higher plane of performance, productivity, flexibility, innovation, effectiveness, or diversity. They also hold keys that an HR manager can use to help maintain organizational excellence while the world around the organization changes and ‘batters’ against it.” Human resource managers can position themselves to become crucial players in organizational change efforts, the authors suggest, and they provide two survey instruments that can be readily used to assess an organization’s climate.

Margaret S. Herrman’s Chapter Fifteen, “Understanding and Using Conflict in the Workplace,” continues the organizational improvement theme of Part Three. A nationally recognized leader of the conflict resolution movement, Herrman explains how potential legal conflicts can be ameliorated with a cognizant and conscientious effort to resolve disputes in the workplace before legal action becomes necessary.

In many regions of the country, no single factor can influence the practice of public human resource management more than an organization’s relationship with employee unions. Robert M. Tobias, scholar and former president of the National Treasury Employees Union, provides insight into this often tenuous relationship in Chapter Sixteen, “Employee Unions and the Human Resource Management Function.” Tobias traces the historical relationship between unions and human resource management, noting that human resources was tradition-

ally called on to help “protect” government organizations from union influence. This protection often manifested itself in the form of rules and regulations, and Tobias argues that this rule-bound protectionism fostered adversarial and hostile relations between union representatives and human resource managers and ultimately relegated the latter to the role of “technicians, performing not as managers but as representational advocates of the existing structure and protectors of the status quo.” However, he sees potential for a redefined partnership between labor representatives and human resource managers, noting that “at this juncture, human resource professionals have an unprecedented opportunity to move from a seat behind the table observing the players to a seat at the table where the most important agency strategic decisions are made.”





# Public Human Resource Management

## *An Organizational Development Perspective*

David G. Carnevale  
Kay Ham

Organizational strategy is the pattern of decisions and actions that enable an organization to realize its mission. Strategy is a conceptualization of what an association intends to be and how it will realize its future. Typically, strategic planning involves defining the assignment of a group; identifying the needs of key constituencies; distinguishing strengths, weaknesses, opportunities, and threats (SWOT analysis); developing plans of action to achieve strategic objectives; allocating resources; implementing tactics; and evaluating the results of strategic action (Nutt and Backoff, 1992; Bryson, 1995, 1996).

An important aspect of any organizational strategy is the design and administration of the human resource management (HRM) component (Klingner, 1995). The fundamental strategic human resource challenge is to devise an HRM system and implement it in a fashion that supports, rather than inhibits, the achievement of an organization's overall strategic vision.

The ultimate goal of all strategy is to realize high performance. The following is true of high-performance work organizations (Carnevale and Haupton, 1996; Carnevale, 2003):

- They are performance-based; they establish goals and evaluate outcomes.
- They strengthen the skills of employees through a strong commitment to human capital development and organizational learning programs.

- They create less bureaucratic, more decentralized organizational arrangements to enable faster response times to client and customer demands.
- They invest in technology to enhance information flow and to monitor organizational achievement.
- They appreciate that process concerns matter in the accomplishment of work.
- They cope with change.
- They are accountable to attentive publics.

This chapter takes the perspective of organization development (OD) in examining the role of public HRM in realizing strategic high-performance goals. The fundamental questions are how much HRM contributes to developing the potential of staff in terms of the democratic values of OD and whether HRM has a constructive influence in serving public organizations in their relations with citizens, an important dimension of democratic engagement.

*Human resource management* is the latest moniker for what used to be known as *public personnel administration*. HRM is a combination of activities that include compensation and benefits administration (health care and pensions), recruitment (a good deal of which is testing) and selection, staff training and human resource development (HRD), labor relations, and sometimes an in-house OD function. Historically, HRM is not seen as a force for strategic response to change in organizations. It has been more centralized and regulatory than not, often cited as an impediment to organization development in public administration, concerned more with issues of technique than with strategic considerations.

The central concern of this chapter is how supportive HRM might be of OD or, better stated, the extent to which HRM and OD should be integrated in the interest of promoting higher levels of organizational achievement in modern government organizations, with organizational accomplishment understood as realizing both traditional intraorganizational management concerns and promoting constructive interaction with citizens at the interface of the organization and the body politic.

## CORE VALUES OF PUBLIC HUMAN RESOURCE MANAGEMENT

The development of the U.S. public service at all levels has generally reflected an ever-shifting emphasis among a set of competing values. For instance, human resource management has moved from elitist origins at its founding to



a determined attempt at ensuring a greater measure of egalitarianism and representativeness. Insulating civil service systems from politics is an abiding goal, although that ambition has competed with finding a way to make human resource systems reasonably responsive to executive leadership. The idea of merit, selection, retention, and advancement based on evaluations of achievement persists as a primary concern. Diversity in government employment is an established target. One goal remains fostering a measure of employee protectionism, but not at the expense of competent work functioning. For a long time, government has espoused the belief that it has a responsibility to be a model employer (Van Riper, 1958; Mosher, 1968; Shafritz, 1975; Elliott, 1985).

Different ideals have been ascendant at different times, vying with one another for prominence. The belief about what constitutes high-performance government in today's society means, as it always has, successful administration of intra-organizational concerns. Efficient and economical accomplishment, which may be subsumed under the idea of managerialism, may well be seen as public HRM's principal focus, a concern with controlling personnel techniques, embracing a philosophy grounded in functionalism, and affection for instrumentality.

The "new public management" (NPM), the cause of some controversy in the field, embraces these traditional HRM ethics (Osborne and Gaebler, 1992; Kettl, 2000; Pollitt and Bouckaert, 2000). NPM tends to see public administration as a market-driven enterprise treating citizens as customers. The word *customer* is off-putting to a number of observers who insist that the stance of citizens before their governments is more meaningful and embraces rights grounded in the very basis of democratic governance that cannot and should not be equated with retail transactions. There is a fear as well that concentration on efficiency in administration poses a risk to the fundamental ideas of the democratic state and is a form of regression to a time, more than a century ago, when public administration was seen, myopically, as striving to ape the values of industrialism, missing "public service" values (Denhardt and Denhardt, 2003).

Too often the strategic question is whether the basic choice in public administration is limited between instrumental values or wider democratic principles. To see the question that way posits a false dilemma, dualistically thinking about public administration as picking between administrative efficiency and higher ambitions of public service. Perhaps there is the possibility of creating conditions where organizations reach high levels of efficient performance grounded in democratic and developmental processes for employees and at the same time remain responsive to and even facilitate civic engagement. The two concepts are not mutually exclusive. What is problematic is to expect HRM to cease envisioning its role defensively, as the protector of the merit system and the regulator of essential intraorganizational task processes. The challenge is to expand this legitimate but truncated identity to somehow help public institutions embrace more democratic processes in dealings with citizens. In short, politics can

be seen as the enemy of a respectable public service or as a necessary strategic goal in creating a high-performing merit system. Politics as a necessary democratic engagement is not inconsistent with the real objectives of public administration, regardless of the historical preoccupation with polishing technique at the expense of more expansive intentions.

The competing values in government institutions means that designing, operating, and employing HRM as a strategic tool is as much a difficulty in enabling its potential for encouraging participatory governance as it is a technical problem entirely focused on internal management matters. To get HRM where it needs to be, certain questions must be asked. Is HRM perceived as having an important role to play in organizational change efforts in government organizations, or is it an afterthought, responsible for doing what it is told by people who regard it as a lower-level function? HRM is not well respected in many organizations and is often seen as an obstacle to change.

If public HRM seeks an expanded, strategic role, what process is available to help it improve intraorganizational performance and at the same time increase responsiveness to and facilitation of greater citizen involvement in public processes? The answer to this question resides in the promise of HRM becoming an engine for organization change and development. An example helps illustrate how HRM may be an engine for constructive change in an organization.

In one mid-sized city where we worked, an issue of concern to workers and administration alike was the relationship with citizens, particularly in the area of citizen complaints. Citizens in this city enjoy a high quality of life and expect consistently good service. Basic customer service training is mandatory for all employees; however, the need for going beyond diplomacy is great when an angry citizen is on the phone to staff or a council member is on the phone on behalf of the angry citizen. Human Resources worked with each department to develop action steps to anticipate and resolve citizen concerns expeditiously.

The role of HRM is gradually changing from one of support to one of strategic importance. This is true in the technical and job-specific areas and is increasingly so in the areas of leadership, communication, citizen (or customer) service, succession planning, and performance planning. This is an example of the HRM function creating conditions for change in the organization in terms of how employees are socialized and trained to think regarding responsiveness to public concerns. The methodology is consistent with the goals of public OD.

## FUNDAMENTAL VALUES OF ORGANIZATION DEVELOPMENT

Organization development is a philosophy and a technology. Philosophically, OD represents democratic values. For employees, this means that staff are entitled to involvement, effective voice, and career advancement. Organizations are seen

as social systems where individuals have an inner drive to commit themselves to creativity and the potential nobility of work. OD is humanistic or caring about people in the sense that work is not considered just another production factor but also as a process to make labor meaningful, a device to enhance human growth and development. OD promotes trust in relationships. In the end, OD is optimistic that workers can solve their own problems if given the chance (Carnevale, 2003; French and Bell, 1999; Bennis, 1969; Golembiewski, 1985; Pauchant and Associates, 1995).

OD is practical. It is interested in getting people involved in sharing ideas on how to confront troubles. OD employs a tool called *action research* as a decision process. Action research asks people to identify problems, brainstorm ways to attack issues, make data public, always seek consensus, and when a course of action emerges from the interaction of people, take action to solve the problem. Success, or lack of it, concerning the issue is fed back to the group, and the cycle repeats itself. The process is open, egalitarian, and consensus-driven, and people fix their own problems instead of having someone take their issues away from them. Persons are respected and treated as if they know something about their own problems and how to rectify them.

It is well understood that people are more supportive of the nature of decisions, and their implementation, when they have a role in making them. It is one of the virtues of participation. People learn more when they are involved and develop skills of all sorts when their contribution is based on interaction with other ideas and experiences. People learn from coming together (Carnevale, 2003).

OD values and methods fit well with intraorganizational aspirations for high performance and, if given the chance, with the goal of expanding civic commitment to government through greater citizen engagement, that is, increasing the public's participation and voice in public affairs. It should be understood, however, that public employees who do not experience OD values in their work environment are not likely to apply those values in their interactions with outsiders. Public employees are not likely to think in terms of applying participatory processes in dealing with citizens when they are denied the same rights. Employees need to be liberated, opened up, if civic engagement will be realized for others.

We provided OD intervention in a large government agency for about nine months. The agency's recent history of unethical and illegal activity on the part of some of its leadership and the events surrounding the ultimate criminal prosecution of these individuals had a profoundly negative impact on employee morale and on the image of the agency on citizens statewide. Trust levels were very low; suspicion, blaming, and backbiting were widespread; and vicious attempts were made to undermine efforts to improve the situation. In addition, the organization's culture was deeply rooted in a tradition of cumbersome

bureaucratic paradigms that are not easily changed. Under new leadership, the agency began a number of initiatives designed to open it up, restore trust among employees and citizens, and foster greater employee participation. Department heads and supervisory personnel were brought together to determine priority issues. A smaller “core group” and a three-person “guiding coalition” were charged with oversight of the entire endeavor. A number of committees were formed to address issues surfaced by means of an employee satisfaction survey. A “workforce development committee” focused on the immediate and long-range needs for employee training and development, linking those needs to the agency’s strategic goals. A “quality committee” was charged with ensuring the improvement of both internal communication (intradepartmental e-mail newsletter and teleconferencing system between the central office and its field units) and external communication (between agency and citizens). Although this beginning held promise through the appearance of getting things done at the top of the organization, it failed to include the largest number of employees, those in nonsupervisory frontline positions, whose needs were largely unaddressed.

This organization achieved some degree of integration of HRM with OD values when it was recognized that frontline, nonsupervisory employees need to have a voice and provide meaningful input into decisions that affect their work. This was accomplished by creating an “employee advocacy committee” made up exclusively of nonsupervisory personnel. It was a truly diverse representation of all nonsupervisory staff, including those who worked in the central office and in various agency locations around the state. After weeks of planning, a kickoff meeting was held, even amid doubts that workers would risk taking off work for the few hours to attend and a lack of support from a number of people. To assure employees and supervisors alike that this meeting was an agency priority, HRM notified all supervisors that employees were to be not only allowed but encouraged to participate. We were present at the first meeting of this group, and the turnout was even better than anticipated. More than 120 people filled the meeting room. People were eager to speak up about issues of concern to them and about their desire and ability not only to solve their own problems but also to participate in designing solutions to agencywide issues. Top management was present and encouraging. For the first time in this organization’s history, frontline employees began to realize their views mattered, knew they could make a meaningful contribution, and felt a sense of hope for the future of the organization. The effort grew as word spread. People were eager to meet again. The movement gained momentum as the group began to address specific concerns. The employee advocacy group was provided time on the agenda of the agency’s governing board to enlighten that body about its activities. An election was held to select a small team that would represent the group on the agency’s executive committee. It became clear that this group of nonsupervisory personnel had all the makings of a truly effective force for real change within the agency, one that understood why citizens ought to be involved in determining agency policy development. It is difficult to deny a set of rights to others when one aspires to the same things. At least understanding of motives is increased when desires are the same.

## THE REPUTATION OF PUBLIC HUMAN RESOURCE MANAGEMENT

Internally, the high-performing work organization “competes on the basis of quality and faster time cycles. Its production is based on multiskilled work teams; its organizational design reduces hierarchy and enhances open communications throughout. Authority and responsibility are pushed down the line to personnel who have greater autonomy to make decisions about work arrangements. There is more employee participation, and continuous learning rather than intermittent training is emphasized. ‘Reciprocal commitment,’ based on mutual trust between the organization and the employee, is a major objective. The development of a more functionally democratic workplace featuring ‘robust collaboration’ is the principal goal” (Carnevale, 1991, p. 157).

HRM systems are roundly criticized for not being sufficiently helpful in creating conditions of high performance in public organizations. Many HRM methods are viewed as out-of-date, better suited perhaps for an earlier time when mainly bureaucratic mass-production plans were seen as the optimal way to create and run organizations. In the public case, the worst aspects of the traditional mass-production hierarchy were compounded by operational values that made public organizations especially rule-bound, rigid, insensitive to executive leadership, blind to the needs of a diverse society, and insulated from the demands of a postindustrial economy. The classic summary observation about public HRM routines, strategic fit, and high performance is credited to Sayre (1948), who characterized public human resource strategies as having achieved “the triumph of technique over purpose.”

Criticism of public HRM has proved timeless, as evidenced by a host of contemporary reviews (see, for example, Milton Marks Commission, 1995; National Academy of Public Administration, 1993; National Commission on the State and Local Public Service, 1993; National Performance Review, 1993; State Academy for Public Administration, 1995).

## PARALLELS BETWEEN EMPLOYEE AND CITIZEN PARTICIPATION

Much attention is paid to improving the internal position of public HRM as an effective management tool, but the idea that it can become a useful instrument in helping to increase trust between public organizations and citizens remains almost wholly unaddressed.

That the extent of participation encouraged by government leaders has a potentially positive effect on attitudes toward government, especially trust, is widely

recognized. The notion is that involving citizens in meaningful public discourse facilitates civic engagement. The problem then arises that administrative officers in public institutions are suspicious and even afraid of opening public practices to citizens just as many are reluctant to involve employees in internal organizational decisions (Offe, 1999; Brewer, 2003; King and Stivers, 1998). The following is an example.

Our mid-sized city enjoys the advantage of having a large core of very active and vocal citizens who a few years ago led a successful effort to increase the city sales tax for the purpose of funding improvements to the outdated wastewater treatment facility. Before the work began, however, it was learned that officials had determined that these funds would be better used to build a new facility instead. Ensuing discussions with citizens escalated into openly hostile exchanges and resulted in a severe breach of government trust in the minds of these citizens. After a two-year period of heated debate, citizens won the right to vote again on the issue. The damage had been done, however, and the gap remains between city officials and a large number of citizens. People have become more vigilant in their oversight of government, more critical of all its processes. One of the positive outcomes of this is that in an effort to advance transparency and invite involvement, the city council began televising its meetings, thereby making the proceedings accessible to most of citizens, and set aside time for citizens to directly address the council. This openness is risky because even though the practice is intended to foster trust and participation on the part of citizens, it also brings to light the attendant flaws, whether real or perceived, in the workings of the city. Major issues such as the long-term land use plan, the widening of a major highway, and decisions regarding whether to use sales tax revenue to improve the existing wastewater treatment facility or build another one are openly discussed. Citizens in attendance address the council and city staff directly, and citizens watching on television respond in the form of letters to the editor and phone calls to city staff and council members.

Another example of open government bent on improving trust and fostering participation is the "citizens' academy." Begun by the city officials, the academy is a forum for citizens to have a firsthand look at how their city functions. Open to any interested citizen, the academy features several weeks of training during which each city department presents informational programs and hosts visits to its facilities in order to educate citizens about all facets of the city's services and administration. Like council meetings, the academy is televised, providing yet another opportunity for all citizens to gain more insight about their government.

The issue of opening government to citizens parallels the matter of releasing the potential of employees in government organizations, permitting greater involvement and participation. The historical truth is that many public administrators loathe liberating the knowledge and ideas of staff down the line. Furthermore, many of these same administrators believe that inviting input from workers

gives the wrong people a forum for criticizing what seems like an acceptable status quo. When troublemakers are given their day, or so it is believed, no good can come of permitting misguided minorities to have a platform to push wrong-headed ideas.

The problem of opening up organizations to competing views of reality, to be more democratic and more open to feedback that is not always positive, frightens some administrators. This autocratic, superior-minded attitude is also a refusal to allow staff to inject what they know into discussions of what ought to be, to give them a chance to learn, to make organizational policy development transparent, and to convince technocrats of the virtue of democratic thinking in a democratic power system where more is at stake in public policy development than technocracy alone can remedy.

Discovering the truth is fearful to autocratic leaders. What follows is an example of a positive experience in which the leaders wanted to improve the organization and went to the employees to find out how to achieve that goal. The information received from employees influenced both internal operations and their reflection of citizen desires.

In an effort to clarify what had been reported as widespread job dissatisfaction, city officials asked us to conduct an employee satisfaction survey. Rather than the usual paper-and-pencil survey that attempts to gauge the level of satisfaction by attaching some number, we decided that the best way to find out what people think about their work conditions is to get them in a room and ask them directly. There is risk in this method; we therefore warned management, "Don't ask the question if you don't want an answer." Over a period of a year, we conducted interviews with more than half the workforce in small and large groups without supervisors present. We asked people how they felt about their jobs and about working for the city and what the city could do to help them perform their jobs better. We began our visits with some doubt that people would speak freely to us. We were wrong. Workers talked openly and at length about their work and the challenges they faced. They surfaced issues such as lack of trust in leadership, the need for better cooperation and communication at all levels, the need for equipment and staffing, the need to be listened to and respected, and the need for more learning and career development. We brought these concerns to the attention of management and HR, who became defensive and resistant about some concerns and open and responsive to others but always listened. Every group of workers expressed skepticism that anything would change as a result of their speaking up. Changes began to happen as action was taken on a number of issues. Supervisors wanted to know what their employees were saying, so we conducted a meeting with more than fifty supervisors, the first time ever that they were all together in the same room. We reported what employees were concerned about, and they raised their own issues. There was general agreement that lack of communication and collaboration were major concerns. Departments housed in the same building or on the same piece of property never met together to discuss matters of mutual concern. With our assistance,



they began to address both intra- and interdepartmental problems. The effort continues to this day. The door was opened to larger things and greater connection with citizens.

Internal and external relations with people and the engagement of all publics, citizens and employees alike, is intensely resisted in many quarters, but being willing to get real feedback from staff is the first step in creating the true high-performing organization.

The issues relate to matters of trust and power. To let people, staff and citizens, become contributors to public dialogue and decision making requires positive assumptions about the competence of people and their ability to learn and inhibiting the urge to control things. It is not known what citizens or employees will say or choose to do in a situation, and many administrators find that potential reality unnecessarily risky and threatening. The story is the same whether it is getting a group of frontline workers together to critique a work process or assembling a room full of citizens to talk about the best way to run the schools. The payoffs for participation are the same in both instances. There is little doubt that opening government to the community, in the name of building convergence among persons, is an uphill climb.

The question in both cases, employee development and community development, cannot be resolved by HRM alone, but HRM, relying on the value foundation of OD, can help establish work cultures that socialize public administrators in more democratic ways of governance both internally and at the interface between their organizations and citizens.

Several years ago, eight hundred citizens gathered to explore and express concerns about a dangerous stretch of two-lane highway along which a number of people had lost their lives. The group came to consensus on a number of short- and long-term solutions. Recommendations generated by the group led to a state transportation committee safety study that resulted in a plan to widen the highway and modify the interstate highway intersection. City and state officials approved the plan, which included increased police patrols, installation of signal lights, widening intersections, and trimming trees to improve visibility. Interest grew and participation increased. The governor and a state senator supported the initiative. Success was due to the collaborative efforts of citizens, frontline workers, and city and state officials. This was a grassroots effort that demonstrates the best of representative government. Such community building works the same as organization building: the values and behaviors are identical.

## HRM, OD, AND ORGANIZATIONAL PERFORMANCE

Seeing is believing. HRM can help change the culture of organizations in its attitudes about staff and citizens. It is true that a fair amount of the activities of HRM are technical and bureaucratic. That does not mean they are unnecessary.



Payroll administration, benefits enrollment activities and claims processing, advertising for vacancies, testing, establishing candidate registers, advising on the nature of employee evaluation methods, and consulting on grievances that allege violation of rules—all are part of the process. It is difficult to imagine that these activities can transform a work culture, but it is reasonable to think that not doing them well or in the spirit of service to employees can sabotage efforts to create high-end labor systems. If these things are bureaucratic, so be it.

Some HRM departments have in-house OD capacity, although it is not usual. Where such functions exist, it is a fairly straightforward matter to provide advice, develop participatory values within the organization that may extend to external constituencies, and become an advocate for opening processes up inside and outside the institution. Even without a direct OD unit, HRM professionals are familiar with the field and can develop the skills and competencies that would allow them to facilitate more transparency in organization processes through greater staff and citizen involvement.

HRM's staff training and development role involves the function in activities outside the boundaries of more bureaucratic activities. HRD is the preferred OD intervention method, as leadership development, communication, conflict resolution, client service, quality management, supervisory and management training, and other important topics are routinely covered by HRM staff. If the content of the training is in tune with OD values, closed-mindedness about the potential value of involving employees and citizens in meaningful organizational activities is systematically undercut.

Labor contracts customarily cover a wide range of topics. How the agreements are negotiated—adversarially or “win-win”—is a threshold consideration and has implications for how labor and management think about resolving differences, with each other and with citizens. A number of items that might be characterized as process issues are also relevant to the OD-HRM connection, and points of view seep into cultural preferences about how to deal with conflict.

To help make changes in organizational culture, HRM has to be “in the room.” Our training of HRM staff on a regular basis suggests that HRM is often called into conferences about important strategic matters after the fact, to help with implementation of decisions already realized. This is not truly a strategic role. It is technical support and not much more.

For example, if the intraorganizational role of HRM is limited, the function cannot socialize persons into the values of open, involved administration and confidence about participation. If HRM has a sophisticated HRD program and works to reduce friction between labor and management, some of the ingredients that drive high performance are in place. But more is required. In the end, HRM has to be assertive about its strategic value in the organization. Then its primary educational role is to persuade organizational leaders that what works inside can succeed at the interface. HRM is perhaps the only organization function that deals with progressive leadership thinking through its HRD activities

and its connection with best practices in supervisory and management development. Everything in those areas these days pushes “empowerment” or participation, the value of knowledge outside the bureaucratic power structure, and the importance of getting people to feel committed to policies because of their role in developing those policies.

## CONCLUSION

The correct HR strategy in government is not entirely rational, nor is it meant to be. The strategy that is ideal and normative is what will work in terms of the interests of stakeholders of all kinds. It is the product of a number of complex political transactions. It is negotiated (the meaning of high performance is negotiated as well; standards of high performance cannot exist independently of people’s political needs). It fosters people’s confidence and trust in government internally and externally. Public HR strategy that conforms to this definition is developed through a political process, one that involves citizens, is publicly accessible, and represents all interests. When the requirements of the definition and the development process are satisfied, high-trust and high-performance work systems will be achieved.

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# Practical Strategies for Increasing Ethical Behavior in the Workplace

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Ethics is an increasingly important concern for public administrators at all levels and in all functions of government. Efforts to regulate the ethical conduct of government workers precede the Civil War. However, most scholars point to efforts of the Kennedy administration to recodify and streamline federal ethics statutes as the dawn of the modern era of ethics regulation (Mackenzie, 2002). A decade later, the Watergate scandal did more than any single event in American history to focus attention on ethical conduct in government and intensified efforts to ensure that such a high-level, and high-profile, scandal never occurred again.

No longer are government employees merely trusted to do the public's bidding without the suspicion that they will fall victim to the temptations of power, access, and influence. Instead, rules, regulations, investigations, financial disclosure, and numerous other external controls are in place to ensure that public administrators stay true to the legitimate goals and objectives of their organizations and programs. In the post-Watergate world, "the citizenry has come to expect higher standards as a broad range of activities in both the public and private sectors are now seen as immoral" (Bowman, 1990, p. 345).

## ETHICS AND HUMAN RESOURCE MANAGEMENT

Recent decades have seen constant and consistent calls for reform in the structure and responsibilities of the public human resource management function. Typically, reformers advocate a shift away from the traditional, routine responsibilities

of the personnel office to a role that is more integrated and consistent with management's priorities and goals. Stewart (1984, p. 18) argues that "managers must be acknowledged as more than managers of process in human resource decision making" and adopt the role of "an active moral agent in the process."

Such a transition, from manager of process to active moral agent, suggests the assignment of a variety of new responsibilities related to employee motivation, productivity, and organizational development so that the personnel office comes to serve as a sort of internal consultant to the organization (see Chapter One). Recent evidence suggests that one of the new responsibilities assigned and assumed by human resource managers is that of ethics compliance and education. Human resource professionals are increasingly looked to as an important ethics resource in their organizations and often provide the impetus for developing ethics training and educational programs (Clark, 2003). At first glance, the traditional responsibilities of a human resource manager, in either the public or the private sector, may not be consistent with those of an ethics officer; however, individuals "in leadership positions in human resources are highly respected within their organizations for integrity, have the ability to solve complex ethical dilemmas, understand the company's culture, and communicate well at all levels" (Driscoll and Hoffman, 1998, p.121). And much like the personnel function in general, "government ethics provides the preconditions for the making of good public policy" (Thompson, 1992, p. 255).

The attention given to the interplay of ethics and public human resource management in the academic literature highlights the importance of understanding and coping with ethical challenges in the personnel office. For example, *Public Personnel Management* published special issues in 1981 and 1999 devoted entirely to wide-ranging discussions of ethics in contemporary human resource management.

## ETHICAL CHALLENGES IN PUBLIC HRM

In definition and operation, ethics can be an elusive concept. Short of relying on a generic dictionary definition, there are as many descriptions of the concept as there are describers. In the context of democratic governance and administration, perhaps Rohr (1978) says it best: "The heart of the ethical issue for American bureaucrats is that through their administrative discretion they govern a democratic polity."

Public personnel professionals, by and large, face the same ethical challenges as other public administrators. They are expected to promote the public interest, resist the temptation to use or give the appearance of using their office for personal gain, avoid conflicts of interest, and exemplify professional standards. As Harlow suggests, they should conduct the public's business "without fear or

favor” (1977). An all-too-common form of ethical dilemma comes in the form of pressure from coworkers and superiors to violate ethical standards or rules or to ignore violations by others. A recent survey of human resource professionals revealed that roughly half of the respondents “had felt at least some pressure from other employees or managers to compromise their organization’s standards of ethical business conduct” (“Survey,” 1998).

Other ethical issues are specific to particular functions or responsibilities within human resources management. Garson and Vasu (1994) provide a thorough analysis of ethical challenges within the personnel function. For example, directors of personnel offices are chiefly concerned with the implementation of ethics by the “stipulat[ion of] past ethical conduct as a condition of employment, incorporat[ion of] ethics in employee training programs, addi[tion of] an ethical dimension to performance appraisals, establish[ment] and enforc[ement of] a code of ethics, and force of example by the CEO and others” (p. 78; see also Brumback, 1991). Consistent with the organization’s formal and informal value structure, intake and employment officers are often expected to establish and use tools for assessing an applicant’s ethical orientation. For the labor-management relations officer, ethical issues abound in contract negotiations of compensation, benefits, and work conditions. A final example is payroll officers, who are charged with resolving thorny ethical questions related to consulting and other sources of outside income by government employees.

## PRACTICAL APPROACHES

The remainder of this chapter discusses practical approaches for instilling a high level of ethical conduct both within the personnel function and throughout public organizations. The discussion focuses on four primary approaches: professional codes of ethics, ethics training, organizational guidelines and policies, and enforcement mechanisms.

### Codes of Ethics

Codes of ethics are a systematic way of presenting guidance on acceptable or appropriate behaviors (Plant, 2003). Codes of ethics vary widely in terms of content and enforceability. At the very least, Bowman (2001) suggests that codes serve public administrators and organizations “by providing a basis for personal and public expectations” and “a new way of thinking when confronting dilemmas of public service” (p. 336). Equally important, codes send a signal that may reassure citizens and constituents that the organization or profession is committed to accountability and integrity (Chandler, 1983). Most codes of ethics used in public administration settings fall into one of two categories: aspirational and prohibitive (see Bell, 1997).

**Aspirational Codes of Ethics.** Aspirational codes are most commonly adopted by professional associations and seek to express the core values and desirable moral qualities of the profession. As Friedrich (1940, p. 4) observed, “Too often it is taken for granted that as long as we keep the government from doing wrong we have made it responsible.” Consequently, Friedrich stressed the importance of professional standards in shaping administrative responsibility and ethical conduct. After all, an action that is legal may not be ethical.

Enforcement mechanisms in aspirational codes are usually weak or nonexistent, hence adherence is essentially voluntary. A recent survey found that more than 80 percent of local governments have resources available for individuals who have questions or seek advice on ethical issues (Meyers and Prkic, 2004). The availability and use of such resources can help assuage concerns over weak devices for code enforcement.

One of the key considerations in the development and adoption of an aspirational code is the buy-in and participation of those in the profession or organization. Bowman (1990) stresses that the acceptability and use of a code is greatly dependent on whether “those governed by the code believe in (or at least acquiesce to) its principles” (p. 348). Indeed, Menzel (1993) found that local government employees often experience stress due to incongruity between their own ethical standards and those espoused by their colleagues or organization. Similarly, codes can be specifically tailored to reflect the peculiar situations and responsibilities of a profession or organization.

However, the value consensus that is so crucial to the acceptance of aspirational codes of ethics also sows the seeds of potential irrelevance. Cooper (1998) points out that “codes are often so vague, abstract, and lofty that they are difficult to apply in specific situations where ethical guidance is needed” (p. 152). Perhaps the proper perspective for the value and practicality of aspirational codes lies in their use as a reference and not as a cookbook of action steps for particular ethical quandaries.

The code of ethics adopted by the American Society for Public Administration (ASPA) is one of the best known and most frequently discussed in the field of public administration. This is due in no small part to the fact that it is printed on the inside back page of ASPA’s most prominent publication, *Public Administration Review*. The code is a product of much revision and deliberation and was finally adopted in its current form in 1994. It is organized around the following five core precepts: serve the public interest, respect the Constitution and the law, demonstrate personal integrity, promote ethical organizations, and strive for professional excellence (a copy is available at <http://www.aspanet.org>). Subsumed under each of these principles is a series of four to eight commitment statements that elucidate how the principle applies to the practice and study of public administration. The diverse nature of ASPA’s membership and audience dictates that the principles and commitment statements be vague, making them difficult



to apply consistently in practice. Society membership can be terminated if it is deemed that a member appears to have violated the provisions of the code. This seems to be a somewhat perfunctory enforcement mechanism, however, given the absence of any procedure for expulsion in the referenced section of ASPA's bylaws.

The Code of Ethical and Professional Standards in Human Resource Management of the Society of Human Resource Management (SHRM) outlines the ethical responsibilities in the field of human resource management. Similar in structure to ASPA's code, the SHRM code (available at <http://www.shrm.org>) is organized according to the following six core principles: professional responsibility, professional development, ethical leadership, fairness and justice, conflicts of interest, and the use of information. Each principle is individually defined and accompanied by detailed discussions of the intent of the principle and guidelines for putting the principle into practice. The comparatively homogeneous nature of SHRM's membership allows for code provisions that are somewhat more specific than those in the ASPA code. In contrast to ASPA's code and by-laws, the SHRM bylaws specify a detailed enforcement process, including a complaint, hearing, and decision, before the penalty of termination of membership is enforced. Although Bowman (1990) found that codes that include sanctions for noncompliance are more effective than those that do not, the infrequent exercise of such provisions reduces their utility as deterrents for unethical behavior.

Originally adopted in 1924, the code of ethics of the International City/County Management Association (ICMA) was the first of its kind adopted by a professional organization dedicated to public service (available at <http://www.icma.org>). Revised many times, the current version of the ICMA code consists of twelve specific principles that can be grouped into three broad behavioral categories: personal honesty, politics, and professional conduct (Pugh, 1991). In addition, the ICMA established rules that provide a reasonable process for enforcing the code of ethics. Members face various sanctions, including private or public censure and expulsion if they are found to have violated the code. Similar to the membership of SHRM, the city and county managers who belong to the ICMA face ethical dilemmas that are contextually similar. Thus the ICMA code of ethics specifically refers to relationships with the citizens of counties and municipalities.

The Code of Professional Principles and Statement of Values developed by the International Public Management Association for Human Resources (IPMA-HR) is similar to codes developed by other professional organizations in that it contains a list of important ethical expectations for its members (see Exhibit 12.1). These values address issues such as professional competence, equitable treatment in all aspects of employment, mentoring, and conflicts of interest. The IPMA-HR code is distinctive for its requirement that members certify their intent to uphold the principles and values by signing and dating the document. Such

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**Exhibit 12.1. IPMA-HR Principles and Values Statement.**


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**International Public Management Association for Human Resources  
Principles and Values Statement**

I certify to uphold the following IPMA-HR Statement of Principles and Values.

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Signature

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Date Signed

To support the Association's goals and objectives for developing the human resource management professional and to support the public's understanding of the role of human resource management;

To maintain the highest standards of professional competence and of professional and personal conduct;

To respect the dignity of all individuals, and to protect people's rights to fair and equitable treatment in all aspects of employment without regard to race, sex, religion, age, national origin, disability, or any other non-merit- or non-job-related factor, and to promote affirmative action;

To support my employer's legitimate efforts for a qualified and productive workforce to accomplish my employer's mission;

To emphasize the importance of addressing the impact of management plans and decisions on people;

To support, mentor, and counsel individuals pursuing a career in human resource management;

To treat as privileged and confidential information accepted in trust;

To uphold all federal, state, and local laws, ordinances, and regulations, and to endeavor to instill in the public a sense of confidence and trust about the conduct and actions of my employer and myself;

To avoid a conflict of interest; and

To not compromise, for personal gain or benefit or special privilege, my integrity or that of my employer.

*This Code of Professional Principles and Statement of Values for the  
International Public Management Association for Human Resources was  
adopted as revised by the Executive Council on October 5, 1991.*

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an active demonstration of comprehension and intent reinforces the importance for accountability without the threat of expulsion seen in the ASPA, SHRM, and ICMA codes.

**Prohibitive Codes of Ethics.** The second category of codes of ethics specifies prohibited behaviors, thereby signaling the minimum level of morally acceptable behavior for employees and professionals. Typically, these prohibitive codes identify various types of conflict of interest and provide an enforcement and punitive mechanism. Although most states have adopted a code of ethics, Hays and Gleissner (1981) found that most are “no more than conflict of interest statutes and/or financial disclosure provisions” (p. 53). To the extent that such codes are established in law, it could be argued that alleged violations are legal, rather than ethical, issues.

The code of ethics for employees of the state of New York is typical of the prohibitive codes enacted by many states. It was created in 1987 as part of a larger act that was designed to restore the public’s trust and confidence in state government (available at <http://www.dos.state.ny.us>). The code specifies a number of prohibited and, indeed, unlawful behaviors that constitute various manifestations of actual or perceived conflicts of interest. These prohibitions are broadly applicable to various governmental contexts, including the personnel function. Violations of the code can result in a fine, suspension, or dismissal.

Whereas most states have codes of ethics in place, many local governmental agencies choose not to adopt codes that are specific to their organization. Meyers and Prkic (2004) suggest that this is due to a lack of interest or perceived need in duplicating the regulation of behavior already covered by the jurisdiction of state ethics laws. Nevertheless, codes can be tailored to address situations typically encountered by staff and can therefore serve a localized purpose (Cooper, 1998). To that end, the Society of Human Resource Management has prepared a guidebook for drafting and implementing codes of ethics. Of particular interest is the twelve-step process for code development that stresses the importance of employee participation, continuous revision, and buy-in from agency leaders throughout the process (Ethics Resource Center, 2001).

The adoption of a code of ethics, whether for use in a professional organization or in a governmental setting, can serve as an effective tool for communicating important values or principles to members or employees. Codes of ethics, and aspirational codes in particular, are at best a necessary first step in instilling an organizational culture where ethics is a priority. The SHRM guidebook cautions, “For all that a code is, it is not meant to stand alone. It cannot address all of an organization’s ethics needs, nor can it answer every ethical question or issue that may arise” (Ethics Resource Center, 2001, p. 2). Education and training strategies should be developed to complement a code of ethics in order to maximize its efficaciousness.

## Ethics Training

For ethics to become an organizational priority, it must be integrated into formal employee development efforts. Simply passing laws or enacting codes that proscribe certain behaviors do not help employees resolve ethical dilemmas in a positive or proactive manner. Ethics training, according to Poneman (1996, p. 66), “enhances managers’ and employees’ sensitivity to their ethical roles within the organization.” Indeed, a survey of local governments found that 40 percent offer regular ethics training for employees (Meyers and Prkic, 2004). To the extent that contemporary human resource management is responsible for oversight of organization efforts focused on ethics, it is crucial to understand the objectives and content of ethics training.

**Objectives of Ethics Training.** Ethics training has both a short-term and a long-term focus. Like organizational training endeavors in general, ethics training typically focuses on building skills to deal with current laws, policies, and tasks. Klingner and Nalbandian (2003) suggest that it can also take on an educative function if it puts an “emphasis on learning that can be generalized to different situations and on preparing the individual for new responsibilities and challenges” (p. 240).

It is hardly surprising that in terms of objectives, there is great variety in the types of ethics training. As identified by West (2003), ethics training can be designed to “increase ethical awareness; ensure familiarity with key legal, code and policy requirements; explain and discuss ethical standards and expectations; foster insight from situationally specific examples; provide tools and frameworks for resolving ethical conflicts; stimulate ethical reflection; and support practical ways to approach ethical decision making” (p. 308).

These various objectives can be categorized into three general approaches to ethics training (Worthley, 1981). The traditional or classical approach “uses material from the great philosophers in an effort to study and inculcate a set of personal values consistent with Western culture” (p. 45). Such an approach is largely abstract and ignores the interplay among personal, organizational, and social values and expectations. More important, the traditional approach provides little guidance for practical ethical dilemmas faced by public administrators and human resource managers.

The second approach takes a more legalistic focus by using laws and prohibitive codes of ethics to inform and clarify distinctions between acceptable and unacceptable behavior. While it is critical that employees and managers have a clear understanding of prohibited behaviors, the primary drawback to this approach is that it emphasizes the consequences for unethical behavior but fails to reinforce expectations for ethical behavior (West, Berman, Bonczek, and Kellar, 1998). This conclusion is echoed by Poneman (1996), who found that “ethics courses that successfully demonstrate senior management’s sincere com-

mitment to best ethical practices, rather than having a strict focus on legal compliance or a rule orientation, tend to be most effective” (p. 66).

A final approach concentrates on empowering employees to deal with practical ethical dilemmas by emphasizing the power and responsibilities that individual public administrators have and the range of values and perspectives that affect the ethical exercise of that power (Worthley, 1981). Rather than prescribing how public employees should behave, this approach suggests that ethics training “should be shaped in the context of ongoing practical activities” (p. 45). Indeed, West and colleagues (1998) found that managers prefer training that focuses “on pragmatic problems that have been (or may be) encountered, along with potential solutions” (p. 5).

**Examples of Ethics Training.** There are a variety of resources and examples of ethics training modules that can be used by human resource managers. The Office of Government Ethics routinely offers ethics training workshops that focus on general standards of ethical conduct and specific aspects of ethical behavior. Courses focus on such topics as postemployment activities, gifts from outside sources and between employees, and conflicts of interest pertaining to financial matters.

Agencies such as the Securities and Exchange Commission and the National Imagery and Mapping Agency use handbooks, newsletters, and other publications to keep employees abreast of ethics issues. Other federal government agencies have developed innovative methods for training employees on ethics-related issues. For example, the Bureau of Public Debt in the Department of the Treasury developed an interactive ethics CD-ROM as a cost-conscious, albeit impersonal, means for providing ethics information. A number of federal agencies, including the departments of Agriculture, Defense, Justice, and Interior, have computer and Web-based ethics training resources (see <http://www.usoge.gov>). Similarly, the Rhode Island and Indiana state ethics commissions have both developed online games and modules to streamline their ethics training efforts.

The ICMA published a training package called *Ethics in Action* in 1999 that is widely recognized as a preeminent resource for ethics training (Kazman and Bonczek, 1999). The objectives of the modules are to define ethics, explain the purpose of codes of ethics, identify the ethics policies of participants’ organizations, illustrate how to use an ethical decision-making process, and describe the actions and behaviors that can support an ethical climate in their organizations (see Exhibit 12.2). Although other training efforts only target new employees or provide separate sessions for managers and staff, this module combines staff and leadership so that all “will better understand the issues and varying perspectives” (p. i).

**Tips for Ethics Training.** The experiences of participants and instructors of ethics training have resulted in a number of tips, or best practices, that should

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**Exhibit 12.2. Sample Ethics Training Outline.**

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***Module 1: Introduction to Local Government Ethics***

- Know the definition of “ethics,” what is included in a code of ethics, and the purpose of a code of ethics
- Be able to distinguish between legal and ethical issues
- Know the importance of ethics in local government
- Understand the link between democracy, law, government policy, and employee behavior
- Understand the consequences of poor ethical behavior
- Be familiar with their organization’s code of ethics or, if the government does not have a code, with the types of issues, policies, procedures, and practices (formal and informal) usually included in a government code of ethics

***Module 2: Making Ethical Decisions All the Time***

- Understand each phase and step of an ethical decision-making process
- Be able to apply the ethical decision-making process and consequences matrix to analyze and resolve ethical dilemmas

***Module 3: Ethical Dilemmas and How to Approach Them***

- Understand some common ethical issues facing governments and departments
- Be able to apply the ethical decision-making process to resolve ethical dilemmas

***Module 4: Ensuring Ethical Decisions: Building a Framework***

- Understand the importance of establishing an ethical framework
- Be able to apply some methods to assess an organization’s ethical climate
- Know the management systems that can help ensure ethical decisions
- Be able to identify the components of a code of ethics
- Be able to complete an ethics action plan

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*Source:* Kazman and Bonczek, 1999. Reprinted with permission of the International City/County Management Association, 777 North Capitol Street, NE, Suite 500, Washington, DC 20002. All rights reserved.

assist in the development of a program for ethics training. Poneman (1996) recommends the following features for a successful ethics training program:

- The use of a professional trainer who provides live instruction and can train human resource managers to themselves become trainers
- A class size that does not exceed approximately two dozen in order to facilitate dialogue and discussion
- Training programs that last between four and six hours
- The use of realistic or actual case scenarios, with a focus on ethical decision-making skills rather than compliance with rules
- Including employees from the entire organization rather than from selected offices or departments, although new employees should have their own training and orientation sessions
- Follow-up communications that reinforce key messages

Although the lack of adequate ethics training seems to be more of a problem, the principle of diminishing returns is relevant to this discussion. Brumback (1991) cautions that the benefits of ethics training are somewhat limited since “most of the preconditions for unethical behavior are situational, not personal” (p. 360).

### **Organizational Guidelines and Policies**

The goal in developing organizational guidelines and policies is to create an internal environment that is supported through a range of organizational institutions. To create this internal culture of ethical behavior, several options are available. Complementing formal structures like policies with informal modeling of ethical behavior by individuals throughout the organization will likely produce the strongest results.

Such efforts typically begin with the creation of a formal ethics policy, through guidelines, policies, or ordinances for local governments. The International Public Management Association for Human Resources (2002; Smith, 2003; Trice and Brown, 2002; Burke, 2002) has created several ethics resources, ranging from examples of ethics policies from local governments to steps to establishing guidelines. IPMA notes that most ethics policies cover three broad areas: conflicts of interest, gifts or favors, and outside employment. Conflict-of-interest policies seek to avoid the appearance or reality of a conflict of interest. Other policies address accepting gifts or favors that might influence the employee’s actions; these policies often include family members as well as the employee. Outside employment policies generally prohibit outside employment that is not compatible with current employment. For example, the Ogden City, Utah, policy prohibits employees from receiving compensation for assisting in any transaction involving the city. Also included is the prohibition against having a personal interest or

investment that creates a conflict between the employee's personal interest and his or her duties (Ogden City, 2003). The approach used by West Valley City, Utah, prohibits disclosing confidential information acquired through the employee's position, which includes the use of confidential information to secure privileges for the employee or others (West Valley City, 2003).

There are four major tasks to establishing a usable ethics policy (International Public Management Association for Human Resources, 2002). First, the policy should have a statement of guiding principles and conduct. Second, the policy should include clear definitions and examples of prohibited actions. Third, the policy should be shared throughout the organization. Finally, there should be training to help all employees think carefully and understand the ethical implications of decisions they face in their work environment.

Does simply accomplishing these four tasks guarantee a good ethics policy and ethical employees? Clearly, in order for the internal climate of the organization to embrace ethical behavior, it needs to be championed and modeled throughout the organization (Denhardt, 1994; Groenick, 1994). Denhardt (1994) argues that the patterns of authority relations and the existence of rules and policy reinforce the value commitments of the organization. Organizations, through their members, must explore the set of relationships that exist both formally and informally, and modify them when necessary, to ensure the highest levels of ethical behavior by everyone throughout the organization. Interestingly, Cherrington and Cherrington (1985) found that the key is a combination of efforts. In exploring honesty in retail stores, they found that three things contributed to high levels of ethical conduct: (1) a top-management commitment to honesty, (2) the existence of a very explicit code of ethics, and (3) having leaders who do not make dishonest decisions. These same issues will enhance the ethical atmosphere of public sector organizations.

### **Enforcement Mechanisms**

One of the most difficult challenges for organizations is determining how to enforce their ethics policies. As discussed earlier, there are several broad mechanisms available. These range from informal disapproval to formal sanctions, including termination and legal prosecution. This section will discuss several enforcement mechanisms that can be implemented in organizations to foster an ethical environment.

One mechanism is the provision of dissent channels (Denhardt, 1994). Dissent channels exist in many forms. One very common external dissent channel is whistleblower protections (Truelson, 1994). Whistleblower protections help reduce the risk of punitive retaliation for doing the right thing. Enhancing the role of managers and employees to include responsibility for ethical behavior is an additional strategy (Gebler, 2002). So is increasing the number of people who feel they have a responsibility to protect the ethical climate of the organization.



Every member ought to feel an obligation to care about the ethical environment of the organization, especially if its founding principles are based on democratic theory.

The most obvious enforcement mechanism is organizational sanctions. As discussed earlier, these can range from expulsion (termination) to a range of probationary options. To support the guidelines and the other efforts to strengthen the organization culture, violations must be taken seriously. Formal sanctions demonstrate a commitment to ethical behavior and the expectation of high levels of compliance.

Finally, Hart (1994) argues that the real enforcement mechanism should occur during the selection phase. Essentially, in hiring and all other things, “choose first for good character and then for technical expertise.” He sees this as the antithesis of the argument that “good systems produce good people” (p. 107) and argues that good systems are clearly important but good character is more important. For Hart, good character is demonstrated through six different aspects of the ethics of virtue: cardinal virtues (living true to oneself, benevolence), moral excellence, moral action, moral intentionality and volunteerism, amoral reinforcement and refreshment, and living the best life (pp. 112–118).

## CONCLUSION

This chapter has introduced and discussed various approaches to promote ethics in public organizations and in particular within the human resource management function. The approaches discussed in this chapter can be used independently or in concert to help instill a healthy ethical culture in any public sector organization. As the roles and responsibilities of the public human resource manager evolve, there is likely to be increased pressure for their involvement in organizational efforts focused on ethics. The practical strategies emphasized in this chapter should serve as a useful starting point and an ongoing reference.

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# Organizational Investment in Employee Development

Montgomery Van Wart

Employee development is a vast subject with many important topic areas. Four of the most important questions asked in employee development are the following:

- *How much should be invested in the workforce, and who should be responsible for it?* Initially there are the critical strategic issues that look at the type of organizational purpose, design, and needs. Will the organization be a more traditional, direct-service agency with personnel providing frontline service, or will it be a more highly leveraged agency whose personnel administer programs and services but contract with others to implement them? (This aspect overlaps with other chapters in this book.) Next, what type of investment in employee development needs to be in place for broad-based functional needs? Finally, to what degree are individual development needs addressed and by whom? This area was traditionally called *needs assessment*, but that concept did not include the strategic aspects that have become so important in today's public agencies.
- *How do people develop?* For those interested in employee development, effectiveness cannot be assumed. Providing quality development opportunities means addressing both generic principles that affect all human learning and the specialized needs of individual learners. This area is generally called *learning theory*.

- *What are the best methods to provide development?* Although this is a relatively technical aspect of employee development, it is enormously important in implementing learning theory properly and an area that is quite accessible to people because of their numerous experiences in training and education settings. Depending on the level of focus, this is called *training theory* or *curriculum design*.

- *What is necessary to achieve the advanced development being demanded of managers and employees today?* Managers and workers are no longer expected just to provide services and implement them according to blueprints and protocols set up by technical support staff. Today, workers at all levels—including the front line—are expected to identify problems, generate alternatives, implement solutions, and track and transmit successes and failures. This requires a level of employee development that was little needed just a quarter century ago. Yet to be a high-performing organization today, this level of employee development is essential. This area of study is called the *learning organization*, the *knowledge organization*, or *double-loop learning*.

In terms of investment, today's management analysts agree that employees are any organization's key asset in this age of leaner, more flexible, and more dynamic organizations. In studying excellence over the years, Tom Peters (1987, 1992; Peters and Waterman, 1982) has become increasingly convinced of this; Rosabeth Moss Kanter (1983, 1989; Kanter, Stein, and Jick, 1992) has long attributed innovation to an employee orientation in management; Peter Drucker (1985, 1992), Warren Bennis (Bennis and Nanus, 1985), and Edgar Schein (1985) assert that genuinely valuing employees is the very essence of leadership; and W. Edwards Deming (1986) makes sure that people are the center of most of his famous fourteen points. Even the reengineering gurus Michael Hammer and James Champy (1993), originally keen on cutting processes without much real thought given to the people in those processes, later adjusted their messages substantially when they realized that without concern for the exceedingly important organizational asset of human capital, radical change cannot be successfully engineered, even by the most strong-willed and brilliant organizational leaders equipped with good change maps (Champy, 1995; Hammer, 1995).

Further, the management experts generally agree that the new types of organizations emerging—in the private or public sectors, in the United States or abroad—require a whole new perspective on investment in employees as assets and an appreciation of the fact that employees form the core of a successful enterprise (Borins, 2000). Although learning and the continued training of employees were important in the heyday of the classical hierarchical bureaucracy, typically organizations encouraged only learning that was well defined, technical,

and repetitive, with creativity and innovation carefully limited to select groups. The underlying assembly-line principle operating in classical hierarchical bureaucracies (and in their learning strategies) meant that employees could be changed with relative ease because (1) the organization itself was relatively stable and (2) the jobs were easily broken down into discrete functional areas with high degrees of specialization. Organizations in the past could rapidly and relatively easily replace large numbers of employees by putting new employees through narrow-gauged training programs. Employees generally accepted this narrowness in jobs and training, despite its frequent overreliance on specialization and repetition, because of the job security it offered and the sense of expertise arising from easy job mastery.

Given today's rapidly changing organizational environment—reflecting a dynamism that is unlikely to change in the foreseeable future—it is little wonder that we see a new emphasis on the learning organization (Senge, 1990; Garvin, 1993; Kettl, 1994). How else can organizations keep up with the rapid succession of current technological revolutions (the greatest since Edison, Ford, and Bell were at their creative height), the new global pressures for cost compression, and the new customer demand for much higher levels of quality?

Organizations in the postmodern era will be affected by a number of forces (Peters, 1994). In general, the new conditions will be typified by an unstable environment with growing competition, undependable funding, little notice before mission changes, rapidly evolving technology, and a more variable and part-time workforce (Howard, 1995; Benveniste, 1994). Unlike the past, when incrementalism was the bedrock experience of the public sector (Wildavsky, 1974), today downsizing, privatizing, and restructuring are being considered at every level of government and are constant topics of public discussion in newspapers, on talk shows, and among politicians from both major parties (see, for example, National Performance Review, 1993, 1994; National Commission on the State and Local Public Service, 1993).

Not only must employees go through an initial period of learning how to conduct their work, as they did in the past, but they must perform that work under constantly varying conditions requiring continual additional training and re-skilling. Further, they are also responsible for changing the structures they work in, due to the enormous streamlining of management and technical staff. These forces make the ability to learn a skill needed as never before. As the new information workers that we are all becoming, we are required to absorb facts, master new concepts, refine old skills, and pick up new ones every day (Brown and Brudney, 2003). Again and again—rather than once a lifetime—we must master whole new technologies, missions, and worldviews with agility.

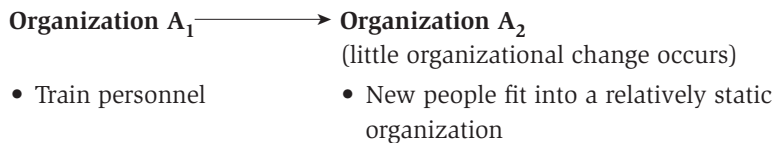
To summarize, the traditional notion of human resource development was based on organizational stability because organizations were in fact rather sta-

tic. Training was relatively straightforward and heavily skewed toward the beginning of employees' careers. The current notion guiding human resource development is to deploy personnel strategically, through not only initial training but also retraining and refocusing, and to change management style and systems (see Exhibit 13.1). Training and education are more evenly spread throughout the entire career of the individual. They blend with organizational development initiatives that were generally apart from employee development in the past. But rather than losing their importance because of this conceptual merger, human resource and human resource development managers find that organizational development is often among their most important responsibilities (Van Wart, Cayer, and Cook, 1993).

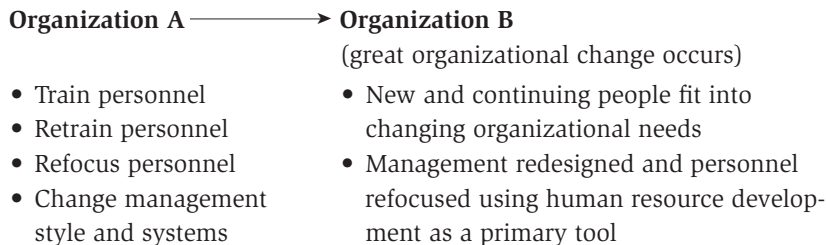
This chapter addresses both traditional learning functions and the contemporary expansion of learning. It first describes employee development needs from three levels—organizational, department, and individual. It then provides an understanding of learning theory basics by examining seven fundamental learning principles common to human learning. Next it examines the basics of training theory based on the use of six different instructional families (related to the functions they provide according to learning theory). Finally, the chapter concludes with a discussion of the recent emphasis on advanced forms of learning.

### Exhibit 13.1. Changing Notions of Human Resource Development.

#### TRADITIONAL NOTION: MAINTENANCE



#### CONTEMPORARY NOTION: STRATEGIC DEPLOYMENT



Source: Van Wart, Cayer, and Cook, 1993, p. 14. Reprinted with permission.

## SURVEYING TRAINING AND DEVELOPMENT NEEDS

Training and development assessments can occur at the organizational, department, or individual levels. In the past, most training personnel focused on only the department and individual levels. Today, organizational needs analysis has become very common, often using personnel managers and training managers as the technical leaders of major organizational assessment strategies.

### Organizational Needs Analysis

*Organizational needs analysis* can be conducted in numerous ways, and it is therefore up to organizational leaders and the people providing technical guidance to make sure that the most effective strategies are selected for the organization. I have analyzed seven major strategies in depth (Van Wart, 1995):

- ethics assessments;
- mission, values, vision, and planning statement reviews;
- customer and citizen assessments;
- employee assessments;
- performance assessments;
- benchmarking; and
- quality assessments.

Each strategy has its strengths and weaknesses, which organizational managers and leaders must judge in light of their own circumstances. Briefly, *ethics assessments*, also called *ethics audits*, may either determine what the stated legal norms are or probe the gap between the stated legal values and the organization's actual performance. *Mission, values, vision, and planning statement reviews* examine the formal declarations of what organizations do, what they value, and how they plan to achieve their goals. The use of *customer and citizen assessments* has expanded immensely in the public sector because of the interest in values related to customer and citizen preferences. *Employee assessments* of employee opinions and values have also become much more common and important in helping organizations make significant adjustments. *Performance assessments* are used in all organizations to some degree; however, in the public sector, performance standards have traditionally suffered from at least six problems: weak comparability with standards in similar units, lack of knowledge about unit costs, lack of rewards for efficiency, inability to measure true effectiveness, inability to measure team and system performance, and deficiency in identifying and correcting systemic errors. *Benchmarking*, according to Bogan and English (1994), is systematically searching for superior performance and then using these best practices. *Quality assessments*, which are increasingly



common and diverse, generally share a number of features: all are relatively comprehensive and emphasize, far more than assessments used to, such matters as customer satisfaction, employee involvement and development, continual learning and improvement, prevention over inspection, and supplier partnerships.

Because organizational assessment is both time-consuming and expensive, generally only one or at most two organizational assessment strategies are implemented at a time. The checklist of questions in Exhibit 13.2 can steer organizational leaders and training personnel toward the most appropriate strategic assessment to use first.

### Department Needs Analysis

A second level of surveying is *department needs analysis*. The departments and the organization (especially as represented by the training department) must jointly decide what training needs exist and how to address those needs. The end result of this joint effort varies greatly, depending on the size of the organization or training department and the emphasis given to training. In a small agency, on the one hand, with one employee responsible for training part time, the training menu may be informal and limited to a few orientation programs, with all other training being either on-the-job or the responsibility of the employees to obtain outside the organization. A large organization, on the other hand, may have a large catalogue of classes, a bulletin listing specific course dates and special offerings, and a sophisticated tracking system. Given the wide range of organizational capabilities and the wide range of department needs, the approaches to department needs analysis vary greatly. Only two are outlined here, as sample perspectives from a long list of possibilities.

**Performance Gap Approach.** The simpler of the two strategies is the *performance gap approach*. It focuses immediately on the perceived problem and works well when the perceived problem is fairly obvious, the training alternatives are relatively easy to identify, and piecemeal (rather than systemic) solutions are appropriate. It has five phases.

The performance gap approach is activated in its first phase by the recognition of a perceived or potential problem—a gap between desired performance and actual performance. For example, the introduction of a new divisionwide software program would ordinarily be a candidate for a new training program.

The following phase, preanalysis, can be either an informal scan of the problem or an extensive exploratory analysis to ensure that the training being designed is the most appropriate. During this phase, a training advisory group can be formed, and exploratory information can be gathered through interviews, surveys, site visits, document examination, making a plan for systematic data gathering, or field-testing possible data collection methods or tools. The idea during this phase is not to gather systematic information about the problem but

## Exhibit 13.2. Checklist to Determine the Best Organizational Assessment Strategy.

**What areas might your organization consider improving through an organizational assessment (check the Yes responses)? If you check more than one Yes response, go back and prioritize them. Generally, one assessment strategy at a time is optimal. (The questions are keyed to the list of assessments in the text.)**

Assessment	Questions to Ask	No	Yes	Ranking
1	Is there a perception of substantial noncompliance with legal regulations? Do regulations and significant organizational rules seem to be poorly understood?	_____	_____	_____
2	Is your organization's mission blurred, are the values unclear or conflicting, or is the planning poor? Does the organization seem to lack a dynamic and realistic vision for the future?	_____	_____	_____
3	Is your organization unaware of <i>precisely</i> what clients, recipients, or customers are thinking? Is there an absence of a stream of data about their perceptions that could powerfully affect your organization's decisions?	_____	_____	_____
4	Is your organization unaware of precisely what <i>all</i> its employees are thinking about the organization? Is there an absence of a stream of data about their perceptions that could powerfully affect your organization's decisions?	_____	_____	_____
5	Do your various departments, divisions, units lack data that could significantly affect their weekly and monthly performance? Do line employees lack performance data to correct their own errors and to institute self-improvements? Do annual performance data fail to <i>really</i> make a difference?	_____	_____	_____

**Exhibit 13.2. Checklist to Determine the Best Organizational Assessment Strategy, Cont'd.**

Assessment	Questions to Ask	No	Yes	Ranking
6	Does your organization fail to compare itself to other similar organizations on a regular basis? Do comparisons fail to be rigorous or to create a sense of healthy competition? Does your organization fail to occasionally seek out high-performing organizations to study with site inspection teams and in-depth analysis and comparison?	_____	_____	_____
7	Is your organization already routinely performing a number of organizational assessments, especially customer and employee assessments? Does your organization feel that it is ready to undertake the most rigorous level of assessment?	_____	_____	_____

to probe the problem sufficiently to make sure that the data-gathering phase is well focused and uses the most productive techniques.

The third phase, data collection, can use a variety of methods to collect data, such as focus groups, structured observations (efficiency analyses), document surveys (including productivity reports, complaints, performance appraisals, grievance files, exit interviews, and policy and procedure manuals), interviews, questionnaires, and surveys with lists of options.

Analysis of needs, the fourth phase, looks for performance gaps in essentially two ways: first, by assessing the needs of the job (including the knowledge, skills, and abilities required to do the job) and second, by assessing the current skills, knowledge, and abilities of the employee. Because performance deficiencies are caused by many things, not just employee inability, it is important to examine employees' strengths in these areas rather than make assumptions. Performance gaps also stem from sloppiness, poor management direction, inadequate equipment, poor job design, excessive job demands, morale problems, program obsolescence, and so on.

Finally, the results of the analysis, both training-related and non-training-related, are implemented in the fifth phase. Generally, a good analysis of needs will reveal some opportunities for job improvement. These should be implemented before or simultaneously with a new or revised training program.

**Comprehensive Approach.** The *comprehensive approach* to analyzing department needs takes a systems view of the task of training. It generates a tremendous amount of data to be used in various aspects of the human resource function, of which the training and development aspect is only one. The comprehensive approach requires a systematic survey of the organization before a decision is made that action of any sort—whether changing job descriptions, reorganizing jobs, changing pay scales, or expanding current training—is necessary. (This approach relies heavily on job analysis skills, which are discussed in Chapter Twenty-Three.)

The first of six phases in this approach is the planning phase. Because job analysis is time-consuming and requires a systematic methodology, careful planning at the beginning is essential to the success of the approach. Establishing the scope, an advisory group, and training outcomes are recommended.

The second phase is the exploratory phase, in which the job analyst investigates the general parameters of the job and gathers information sources about it. The third phase is the task or skill inventory phase. One possibility here is to produce an exhaustive, detailed task inventory in which each of the tasks is broken down into microanalytical elements. This approach works well when the job has many tasks that are relatively straightforward and involve little judgment. A second possibility is to dissect the job into just a few task elements but generate a skills inventory that delineates those elements. This is often the preferred method for jobs requiring a great deal of professional judgment, perhaps dealing with complex human interactions (such as managing) or making complex decisions (such as policy recommendations). Most often organizations use a single approach for consistency, rather than suiting the method to the job.

The task or skill analysis phase goes beyond the description used in the previous phase to the analysis of functions. Analysis of tasks and skills reveals their importance, frequency, level of proficiency required, criticality, and degree of responsibility required. For example, a job inventory may find that a task of the assistant fire chief is to talk to the press, and the analysis finds that this happens somewhat infrequently, that it is very important when it does occur because of the public relations involved, and that it requires a high level of proficiency because this employee's work is responding to emergencies, activities that often elicit an aggressive or hostile press.

The program design phase takes the information gleaned and uses it for training purposes. A strength of the comprehensive approach is that it not only uncovers performance deficiencies but also provides a kind of blueprint for new employee training (for both instruction and self-directed job manuals). Providing a process manual for new and continuing workers leads to greater uniformity, higher quality, and increases in productivity.

In the final phase, the new or revised program is implemented. Such a program may install thorough new employee training where none had existed, a

narrow-gauge program to address a particular performance deficiency, or simply high-quality self-instructional materials such as job aids (simple one-page checklists and instructions that are easily accessible to the task) or manuals.

One of the important variations for analyzing department needs today uses a modified comprehensive approach for radical process improvement and job change. (See Exhibit 13.3 for examples using the two alternate approaches.)

The strengths and weaknesses of the two approaches are fairly obvious. The performance gap approach is more direct, less expensive, faster, and more incisive. It is also more prone to be applied as a stopgap approach, with personal solutions and poor research leading to superficial training. The comprehensive approach is more rigorous and complete, leads to an excellent database, and tends to be less open to the influence of personalities. It is also prone to be substantial and often prohibitively expensive; to require very long lead times, sometimes years; and to produce too much data. Good judgment must be used in deciding which approach to use or how to blend aspects of the two approaches to meet particular circumstances.

### Individual Needs Analysis

Needs analysis occurs not only at the organizational and department levels but also at the *individual* level. Methods for deciding who needs and receives training vary across public sector organizations and even within organizations. Some organizations have highly formalized systems, and others have very informal systems. In some organizations, much of the training is mandated by federal or state statutes, and in others, there are no mandated training requirements. In some organizations, training units establish training curricula and eligibility, and in others, operational units make these decisions. Some organizations define training needs narrowly, and others broadly.

Training units and departments are most often the key actors for performance testing and training once organizational standards have been set, for assessment centers for management improvement, and for mandated training inventories leading to specific skill-level requirements. Supervisors are generally the key actors for the training stemming from performance appraisals, employee cross-training programs, and individual development plans (generally shared with employees). Employees are themselves the key actors in determining their need for compliance and mandated training in their profession (for example, required continuing education for finance officers), self-improvement, improved credentialing, and individual development plans.

In today's organization, it is critical that all three primary players be constantly attuned to individuals' needs because of the increasing obsolescence factor in terms of both knowledge and skills. A century ago, an individual might have had to master only a single area of knowledge or set of skills and abilities. By 1940, it was more likely to be several areas or sets. Today, most workers

**Exhibit 13.3. Examples of Two Approaches to Management Training Programs:  
Performance Gap and Comprehensive.**

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**Performance Gap Approach**

A large city in Arizona realized that it had reached a size at which it needed to consciously inculcate similar values across departments and reinforce basic supervisory and management skills. Many supervisory skills had been taught on an ad hoc basis, but the city trainers, city manager, and the department heads informally agreed that it was time to formalize a management training program. A training advisory committee was informally constituted to determine what course of action would best suit the organization (perceived problem).

The training advisory committee entered a period of discussion and informal analysis. What departments were most interested in the program, what were some of the perceived management deficiencies, and finally, what program parameters might be suitable, given the moderate amount of resources available the first year (preanalysis)? After roughly sketching a program, the training advisory group sent the tentative plan in a memorandum to all department chairs for suggestions for change and for tentative commitments of program participants (data collection).

The memorandum received mixed responses that needed to be considered and acted upon. Some department heads had many substantial suggestions, and some large departments were unwilling to make any commitment whatsoever. The committee then conducted interviews with department heads to further understand and incorporate their ideas, as well as gather much needed support for the program (analysis). The interviews were successful in gathering the necessary support, and the first phase of the program was planned to begin in six months (results and implementation).

**Comprehensive Approach**

In 1991, the state of Arizona decided to review the management knowledge, skills, and abilities of its managers to enhance its comprehensive management training program (a part of the Certified Public Manager Consortium). The state used the already constituted statewide training advisory committee, with members from all major state agencies, to act as the oversight body for the study (planning). A subcommittee drafted an inventory of approximately fifty management skills that were thought to typify traditional and newer management characteristics (exploratory).

After this instrument was refined and approved by the committee, it was circulated to 6,500 supervisors, managers, and executives (skill inventory). Each of the questionnaires requested that respondents rate skills by importance and by deficiency in the general management population. The committee reviewed the results and decided what to include in the training and what to deemphasize, given the results (skill analysis).

The existing program was then reviewed against these data. Some new topics were added, some topics were deleted, and some of the material was simply adjusted (program design). Finally, the revised program was piloted and evaluated, with final adjustments based on the feedback of the participants.

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must be well versed in many areas and knowledge sets during their working career, even if they remain within the same field and subfield, a circumstance that is becoming less common. Therefore, it is critical to have numerous concerned actors involved in assessing the needs of individuals, finding resources to support those needs, and providing the emotional and intellectual support to keep individuals developing and learning rapidly. (The checklist in Exhibit 13.4 should prove useful for this purpose.)

## UNDERSTANDING THE BASICS OF LEARNING THEORY

Although different learning theories emphasize different aspects of learning, they do not fundamentally disagree. For example, *behaviorism* stresses the idea that learning is behavioral change in response to external stimuli. Learning is therefore most effective when it is systematically arranged to reinforce the desired response. *Social learning theory* stresses the importance of observation and social context. According to this theory, people learn most often from models provided in context and from mimicry. *Cognitive learning theory* emphasizes putting together patterns in unique and meaningful ways. It pays special attention to the individual's insight, learning patterns, and integration of meaning into already established cognitive structures and is therefore particularly powerful at explaining problem solving. Finally, *adult learning theory* reminds educators of the adult learner's active curiosity, motivation for self-improvement,

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### Exhibit 13.4. Checklist of Possible Needs of Individuals.

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#### Training departments

- ☐ Performance testing or training for organizational standards
- ☐ Assessment centers
- ☐ Mandated training inventories and suggested training

#### Supervisors

- ☐ Performance appraisals
- ☐ Cross-training programs
- ☐ Individual development plans

#### Employees

- ☐ Individual compliance with mandated training
  - ☐ Self-improvement strategies
  - ☐ Improving credentials
  - ☐ Individual development plans
-

preference for practical (as opposed to academic) problem solving, and capacity for self-imposed learning management. It is possible to extrapolate seven fundamental training principles from these theories:

- Foster participant goal setting
- Increase the similarity of training to the work environment
- Use underlying principles
- Increase the organization of the material
- Actively involve the learner
- Give feedback
- Use a variety of techniques and stimuli

The first training principle is to *foster participant goal setting*. Setting goals at two levels is an important way to focus and enhance motivation. First are the goals that bring the employees into training. Second are the goals employed in the training itself (often called *desired learning objectives*). Without agreement between employee goals and instructional goals, the learning is likely to be superficial at best. Goal setting can often be substantially enhanced by supervisory attention prior to the training to ensure that the relevance of a particular program is explicit. Goal setting can also be enhanced by instructors' taking the time to investigate individual learners' experiences and motivations and then building some of the learning and assignments around those experiences and particular needs. Learners who are active in their own goal setting inevitably do better in the long run because their goals define an easy self-discipline for personal accomplishment. For example, at the beginning of a computer program training seminar, an instructor might quickly survey the class for the intended uses of the program. The instructor can not only encourage all the goals that are most appropriate but also guide expectations and meld group goals from individual desires.

One of the oldest principles emphasized in training is to *increase the similarity of training to the work environment*. This similarity has particular relevance when specific tasks, skills, or behavior are being taught, including such relatively simple skills as machine operation, such intermediate skills as the application of procedural discipline, and such complex skills as negotiation. Three (progressive) devices for incorporating this similarity into training are examples, models, and simulation. *Examples* help students understand select aspects of what is taught and can include everything from visual artifacts to verbal stories. *Case studies* often serve as excellent examples. A *model* is a visual or graphic technique that shows the learner the entire process or at least major chunks of it. The modeling may be done on some actual machinery or through a training film, but the learner sees much of the process in context. In *simula-*



tions, the trainees do more than observe the correct behavior; they perform it. Simulations include *role-plays*, *guided practice*, and *automated fabrications*, such as computer simulations for pilots. Generally, these ways of increasing similarity are used in sequence, examples first, models second, and simulations last.

*Using underlying principles* is one of the oldest educational approaches; it emphasizes the learner's need to understand the broader applicability. Although teaching a specific application for a specific job is immediately useful, it does not equip the learner with the fundamental understanding to cope well with solving problems that arise or to adapt to new, related methodologies in the future. Principle-based learning lasts longer but has less specific utility; technical-based learning is more direct but may not be of much use if the technique changes. Blending some underlying principles with other training principles is the most effective; excessive concentration on underlying principles often leaves learners dazed and learning unanchored. For example, narrowly defined training about a computer program might show an employee how to use a specific protocol in entering data; however, without understanding the broader underlying principles about the computer application, the employee will be helpless in the face of any nonroutine occurrence, such as a malfunction, a piece of unusual information, or a program change.

*Increasing the organization of the material* is a simple concept that is difficult to apply. What is apparent to the instructor or writer is rarely as clear to the participant or reader. Because a clear organizational structure enhances not only understanding but also recall many times over, it is important to make sure that material is outlined for learners, is occasionally referenced during learning, and is rehearsed by participants as much as possible. There are innumerable ways to increase the organization of material being taught. When auxiliary readings are given to learners, questions designed to focus their reading beforehand are extremely useful. Clear definitions and labels are critical; they should often be listed separately for reinforcement. Figures and graphs can help learners visualize the conceptual path being taught. Reviewing what has been taught not only clarifies the organization of the material but sets the material in the learner's mind as well. Learners themselves have a responsibility in organizing the material. Their first responsibility is to seek out the instructor's or writer's organization and try to understand it as fully as possible. Yet for deep learning to occur, each learner must modify the structure for his or her own usage, language, and experience. Learners who take the time and have the discipline to do this remember and use far more than those who do not. Some examples of organizing the material, then, include instructors' previews and reviews, participants' recapitulations and written summaries, and clear outlines and visual materials that condense the overall ideas.

*Actively involving the learner* is a principle critical to most quality learning. Learning either must be anchored to old experiences or must create new experiences to which it can be anchored. Actively involving the learner creates these

rich experiences and avoids the shallower learning that occurs in more passive learning situations. Active learning can occur in many ways. Asking questions, doing in-training practice, and doing nontraining practice are three common means. The ancient Socratic method of constantly asking questions is powerful because it requires the learner to stay engaged and to relate the topic to his or her own experience. Ultimately, all discussion methodologies, including small groups, debates, case studies, and individual conferences, enhance this mode of learning. Creating opportunities for practice during training, so that participants can be supervised and receive immediate assistance, is another powerful tool for active involvement. Such practice can range from simple note-taking to full-scale simulations. Not all practice can be conducted during the training session itself, so creating opportunities for outside practice is often necessary when high mastery levels are desired. Such opportunities may be as simple as homework or as complex as apprenticeships in which the learner repeatedly reports to a master instructor as tasks are completed. Ideally, process practice occurs first, allowing the learner to conceptualize the learning. Guided practice occurs next under the instructor's watchful eye. Finally, outside exercises are completed when the instructor is not present but can later monitor the outcomes.

*Giving feedback* is a principle that describes supplying learners with knowledge about the results of practice. Practice in this case includes exercises, tests, discussions, papers, simulations, and apprenticeships. The feedback on the practice can take many forms. It can be verbal praise or suggestions for improvement. It can be test scores, productivity reports, or performance measurements. It can be a subtle physical behavior by the instructor: a nod or shake of the head, a smile or frown, or a pat on the back. Good trainers tend to look for ways to increase the amount and immediacy of feedback. Although performance of tasks has an implicit feedback function apart from the instructor, trainees who receives instructor feedback are likely to outperform those who do not. For example, mentoring is a particularly powerful technique because of the customized feedback on performance that participants constantly receive. Feedback allows for rapid extinction of errors, increases motivation and interest, and should lead to high standards and goal setting.

*Using a variety of techniques and stimuli* engages more fully a wide range of the participant's senses. This principle recognizes that when different sensory and cognitive channels are used in the learning process, learners have a greater opportunity to encode knowledge. Because everyone has a slightly different learning style in terms of favoring aural, visual, or tactile inputs, using different sensory channels ensures that all learning styles are being covered. It also seems to increase both interest and motivation; variety reduces boredom. It enhances motivation by providing a challenge to integrate the differently displayed materials. Thus, rather than hear a single long lecture, in the same amount of class time, learners may be asked to do a preliminary reading, then answer a

few preliminary questions about the reading, then listen to a short lecture enhanced by visual overheads and a brief demonstration, and then engage in a discussion integrating the lecture and the readings.

Although a very short training session might employ only a few basic training principles, longer programs should consciously try to use as many of the principles as possible. Few training programs suffer from employing too many principles; many programs suffer from overrelying on too few.

Training principles are operationalized by instructional methods, the topic to which we now turn.

## UNDERSTANDING THE SIX DIFFERENT FAMILIES OF INSTRUCTIONAL METHODS

Not only can instructional methods be grouped into families, but also each of those families tends to emphasize just a few training principles. Therefore, it is useful to mix families when trying to design a program with greater effect. Six families of methods are briefly examined in this section. (Exhibit 13.5 provides a checklist of the six families and the methods used in each.)

*Lecture methods* are an excellent choice for presenting a great deal of information efficiently, stressing underlying principles, and highlighting the internal organization of the material presented. However, unalloyed, they tend to lack participant involvement, feedback, and direct connection to the work environment. All lecture methods shown in the checklist can be leavened by the use of examples, humor, quotations, statistics, comparisons, and personalizing touches.

*Discussion methods*, particularly case studies, occasionally are used as the dominant training method, but more often they are auxiliary to lecture and other methods. Most training programs, especially those that depend primarily on lectures, use some form of discussion method. Discussion enhances the participants' active role in the learning process, either voluntarily or structurally. Although they are often inefficient in terms of time consumed, discussion methods more than make up for this weakness in terms of increasing dynamic human interaction.

In training, the importance of *print materials* (in electronic and traditional formats) varies tremendously. A few programs do not use written materials at all, most use them as an auxiliary source, and some rely on them as the primary mode of instruction. Print materials have advantages similar to those of lecture methods: they are good at teaching underlying principles and providing clear organizational techniques. However, reading materials do not provide the same level of variety when combined with lecture methods that other instructional families do. Aside from the types of print materials that are used as supplementary tools in

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**Exhibit 13.5. Checklist of Instructional Methods by Instructional Family.**

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**WHICH METHODS MIGHT OR DO YOU USE?****Lecture methods**

- ☐ Standard lectures
- ☐ Team teaching
- ☐ Guest speakers
- ☐ Panels
- ☐ Student presentations

**Discussion methods**

- ☐ Question-and-answer techniques
- ☐ Large group session
- ☐ Small group session
- ☐ Case studies
- ☐ Debates
- ☐ Individual conferences

**Print materials**

- ☐ Auxiliary reading materials
- ☐ Training manuals
- ☐ Programmed instruction

**Practice and feedback techniques**

- ☐ Note-taking
- ☐ Adjunct questions
- ☐ Individual exercises
- ☐ Demonstrations
- ☐ Role-plays
- ☐ Simulations
- ☐ Survey and self-assessment techniques
- ☐ Tests
- ☐ Site visits

**Behavior-shaping methods**

- ☐ Coaching
- ☐ Apprenticeships
- ☐ Job rotation
- ☐ Self-training and embedded training
- ☐ Counseling

**Technology-based techniques**

- ☐ Audiotapes
  - ☐ Slides
  - ☐ Videotapes and films
  - ☐ Computer-based training
  - ☐ Teleconferencing
  - ☐ Optical disk technology
-

class (handouts, written exercises, electronic projection, overheads, and so forth), three main types of print materials are useful in training. *Auxiliary reading* consists of materials not specially designed for the class that are consulted either before or after the training session. *Training manuals* are specially designed for a job or an instructional class. Finally, *programmed instruction* uses written materials as the primary source for self-instruction, moving the trainee, step-by-step, in the direction of established goals and objectives and allowing the trainee to monitor progress throughout the process through the answers he or she provides to questions.

The training principles most affected in *practice and feedback techniques* are actively involving learners, giving feedback, and providing work similarity. Although the more cognitive techniques, such as standard lectures, are efficient in relaying general principles, there is no certainty that trainees will retain and store the information accurately and lastingly. It is rare for practice and feedback techniques to be used alone, but they are extremely effective when combined with other methods. Nine techniques have been placed in this category, although others mentioned elsewhere (such as discussion methods) also have practice and feedback characteristics.

*Behavior-shaping methods* feature learning by doing. Effectively used, behavior-shaping methods are among the most powerful because they tend to emphasize participant goal setting, ideal similarity to the work environment, full learner involvement, and extensive feedback. Poorly used, behavior-shaping methods are little more than undirected learning situations in which the process is haphazard and the learning outcomes uncertain. Behavior-shaping methods can largely be thought of as on-the-job training.

*Technology-based techniques* can either support other methods or serve as the primary delivery method. Typically, they are good at teaching underlying principles, increasing the organization of the material, and increasing the similarity to the work environment. The sophisticated technology-based methods, such as computer-based training (such as synchronous or asynchronous training via the Internet), two-way videoconferencing (and fiber-optic systems), and optical disk training, can also be good at involving learners and giving feedback.

## MOVING INTO ADVANCED FORMS OF LEARNING

Most of the discussion so far has implicitly concentrated on learning for basic and intermediate knowledge, skills, and abilities. This type of learning has always been important and will become even more important as the pace of change requires ever more frequent replacement of knowledge and skill sets. However, organizations must increasingly foster advanced forms of learning using more sophisticated methods of transmitting, expanding, and creating knowledge (Carnevale, Gainer, and Meltzer, 1990). Advanced forms of learning

are especially useful for solving totally new or complex problems, restructuring whole processes or systems, reanalyzing a job from a completely new perspective, or reengineering an organization to adapt to major environmental changes (see Argyris, 1985; Argyris and Schön, 1974, 1978; Senge, 1990). Advanced forms of learning include

- learning by sharing,
- learning by comparing,
- learning by systems thinking,
- learning by competing, and
- learning by suspending disbelief.

*Learning by sharing* is particularly powerful in the affective or emotional domain, which is often the gateway to the other domains of learning (the cognitive and the psychomotor). One form of learning by sharing is learning by teaching (seemingly contradictory to what we normally assume, which is that we learn by being taught). Teaching forces us into advanced modes of learning because it requires us to be clear, logical, and organized; to practice and manipulate the information; and to receive feedback about how well the information is being understood. *Learning by discussing*, another form of learning by sharing, although a frequent mainstay of basic learning, is important for advanced learning as well because it encourages inquiry and collaboration. Discussion leads to the discovery of nonroutine problems, anomalies, contradictory perspectives, hidden assumptions, and complementary ideas. In genuine discussion, we abandon our advocacy roles and work on collaborative learning (Senge, 1990). And yet another kind of learning by sharing, *learning by teaming*, “may represent a whole new management paradigm” (Manz and Sims, 1993, p. 14). High-performing teams develop high levels of trust, establish a shared sense of purpose, have a belief in mutual learning and teaching, and group-enforce self-discipline (Katzenbach and Smith, 1993).

Given that the scientific method is based on *learning by comparing* and on the tremendous success of the scientific method in modern world history, there can be little doubt of its power. One form of learning by comparing is *learning from systematic examination of past experience*. People who take time to reflect and compare events in their lives and have the discipline to act on what they discover generally accomplish more. Groups that systematically observe their past performance, noting high and low points, discover why these fluctuations occur, correct for them or anticipate them, and thereby increase performance. Even organizations that rigorously survey past experiences tend to encourage good practices and discourage poor practices. A second form is *learning by systematic observation of others' experience*, now commonly called *benchmarking* (Keehley, Medlin, MacBride, and Longmire, 1997). Although benchmarking can

have a number of meanings, it most commonly refers to comparison with industry leaders whose performance is among the best. A third form is *learning by experimenting*, a robust form of comparison and the preferred method of the scientific method. Sophisticated experimental designs may not be possible in the practical world of organizational learning, but modified experimental models such as pilot studies and substitution or observation strategies are and should be commonly practiced.

*Learning by systems thinking* is Peter Senge's "fifth discipline," so called because it is pivotal to advanced learning and to forming "a coherent body of theory and practice" (1990, p. 12). Systems thinking is an antidote to tunnel vision, turfism, stovepiping, and other "bureaupathologies" that accrue from overspecialization of function and responsibility. Ultimately, learning by systems thinking is at the base of most contemporary management initiatives. Total Quality Management, for example, involves learning by making continuous improvements in the system, and reengineering involves learning by making radical improvements. Ironically, frontline workers and middle managers were encouraged, until recently, not to take the systems approach, which was reserved for executives and master planners. However, as classical bureaucracies' need for slow, centralized, controlled change (a virtue in a slower-moving world) has become increasingly dysfunctional in contemporary circumstances, the need to infuse a sense of systems thinking throughout the organization has become more critical. A common example of advanced learning today is the use of cross-functional teams to bring together individuals from many departments who can arrive at new solutions that benefit all departments. This replaces the method of expecting each department to find unilateral solutions, often at other departments' expense.

*Learning by competing* is captured in the expression "necessity is the mother of invention" and in the underlying capitalistic belief that competition causes innovation and creativity to flourish in the long run. Competition can lead individuals to learn by requiring them to determine what they want to achieve, by driving them toward that achievement or level of excellence, and by creating both incentives for succeeding and disincentives for floundering. *Goal setting* can be a type of competition with oneself if the goals are beyond current levels of performance or push one to new levels of achievement. *Learning by risk taking*, a form of learning by competing, is a newly rediscovered quality in the public sector. Risk taking in the public sector has been considered inappropriate in the past. However, given the broad policy and management reforms being promoted, modest risk taking is now considered a normal part of the learning and adapting process (Levin and Sanger, 1994). Risk taking is often associated with demonstration and pilot projects, but it can also involve new management practices or philosophical shifts that are significant departures from the past. Finally, competition generally means that not everybody is ranked first, and risk taking means that not all ventures will succeed. Yet as the quip goes,



the only person who never fails or makes mistakes is the person who never does anything. So learning must allow for failure; the trick is to keep failures small and successes large. Advanced forms of learning do not forestall failure, but they do work hard at understanding it through sharing, comparing, and systems thinking and going beyond failure through competition. Although the chance of failure is real in competitive environments, in most organizations there can be many winners who experience the exhilaration of learning through success.

Of all the types of advanced learning, none is more commonly discussed than *learning by suspending disbelief*. This mode of learning requires the ability to get beyond our doubts that things new to us can work better than what we're doing now—or to put it another way, to abandon our current beliefs about the “right” way to do things, the “correct” values, or the nature of “truth.” We use our existing habits, routines, and belief systems most of the time because we have neither the time nor the energy to start at the beginning or go back to first principles in everything we do. Yet some of the greatest learning comes from seeing the world afresh, discarding (at least temporarily) our mental models, and “trying on” new ideas, perceptions, and beliefs. Most great scientists and inventors are masters at this type of learning. It leads to changes in old and ineffective routines and the discovery of new patterns and ways of doing things. Learning by suspending disbelief is undergoing a renaissance in the public sector. Quality management has many principles that encourage challenging existing mental models and playing with ideas. For example, the new emphasis on team learning requires broad-based solutions that go beyond accepted mental models. And reengineering, with its emphasis on radical solutions, requires challenging contemporary practices and implementing fundamentally different approaches.

## CONCLUSION

An increasingly fast-changing world has vastly swelled the value of learning. People need to learn more, learn faster, and learn more creatively. Because organizations are themselves changing more quickly, basic training functions must now routinely include the retraining and refocusing of personnel and the changing of management styles and systems. Further, the individuals in charge of training must be ready to perform organizational assessments, in addition to the more traditional individual and department learning needs analyses. The necessity for such extensive learning means that it is more important than ever to know and master the principles of training: foster participant goal setting, increase the similarity of the training to the work environment, use underlying principles, increase the organization of the material, actively involve the learner, give feedback, and use a variety of techniques and stimuli. In turn, the individuals offering the training, whether they are full-time trainers or operational supervisors, must master more methods to make best use of the training prin-



ciples. Use should be made of all six families of methods: lecture, discussion, print, practice and feedback, behavior-shaping, and technology-based. Finally, organizations need to be able to learn things better in informal settings, by helping people learn from their work experience and by prodding people toward constant personal improvement and increasing practical knowledge. The five types of advanced learning discussed in this chapter all emphasize going beyond simply acquiring basic knowledge—important to contemporary organizations but no longer sufficient for the best—to transmitting, testing, expanding, and even creating knowledge.

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# Understanding Organizational Climate and Culture

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*Do more. Do it with less. Focus on customers. Streamline.  
Downsize. Walk the talk. Coach. Do it better. Work smarter. Be number one.  
Reinvent. Reengineer. Benchmark. Practice quality management. Find a mentor.  
National Performance Review. Executive orders. Government Performance  
and Results Act. Transform. Faster. Faster. Faster.*  
—Michele Hunt, “Freeing the Spirit of Public Service in All of Us,”  
article in *Public Productivity and Management Review*

Many factors and forces shape an organization’s receptivity or resistance to change, including its legislative mandates, the design of its structure, the clientele it serves, and the types of functions it performs. Changing the culture and climate of the organization, however, is the first emphasis of almost every current book and article on managerial reform, reinventing government, quality of work life, self-empowered work teams, sexual harassment, or diversity (Atkinson, 1990; Ott, 1995; Wilson, 1992).

Organizational climate is like the space that surrounds the core of an “organizational donut” (Handy, 1994); organizational culture is the fabric of the core and the surrounding space. Together climate and culture make up the area wherein an organization’s identity, personality, and distinctiveness develop and reside. They collectively determine the areas in which an organization can place claims on employees’ energies, enthusiasms, and loyalties. As we all know, a manager can use legitimate authority to issue formal policies prohibiting or requiring specific acts, types of behavior, and compliance. However, we also know that few managers can use authority to mandate positive attitudes, creativity, or respect or to mandate risk taking on behalf of an agency or its clients.

Not many failures of organizational improvement initiatives are caused by inadequate policies or management incompetence (Ott and Shafritz, 1994, 1995). More often the culprit is the culture of the organization and the operating climate that emerges from it (Khademian, 2002; McNabb and Sepic, 1995;

Moran and Volkwein, 1992). It is not easy to convince employees who have worked for decades in an organizational culture of, for example, “no mistakes,” to start taking personal risks, such as communicating openly with their supervisors when they exceed their official authority or ignoring counterproductive policies (Lipsky, 1980) in order to respond effectively to agency or client problems.

Therefore, public human resource managers often ask, What is the relationship, if any, between public human resource management and organizational climate and culture? To what extent and in what ways can—and do—organizational climate and culture influence and shape a public agency’s public human resource management (PHRM) function? And although we know that PHRM affects organizational climate, can it actually influence and shape organizational culture? If so, what do I and my employees need to know about organizational culture to improve our managerial effectiveness? This chapter attempts to answer these questions.

First, we need to make a claim here that we do not justify until later in the chapter. The culture of an organization is so pervasive that it *must* have a strong influence on the performance and general behavior of the PHRM system and functions. Organizational culture not only affects what the PHRM system does, it also affects how it does it, to whom, and when. Culture is thus a significant part of the “bedrock foundation” that determines the general design, structure, system components, and functions of an agency’s PHRM. Consider, for example, the design and implementation of organizational change. Many agencies entrust organizational change initiatives to their PHRM departments. The human resource staff thus must include skilled change agents. Their ability to build trust with employees is absolutely essential for minimizing resistance and surmounting negative employee reactions (Brockner and others, 1997; Khademian, 2002). The culture of an organization and its personnel function are inseparable.

The second important question involves the extent to which PHRM actually influences and shapes organizational culture. Most public administrators would be inclined to agree that in their experience, the personnel function influences organizational culture. Once again, this relationship has intuitive appeal. Before we allow ourselves to jump to this conclusion, however, we need to explore the role the personnel function plays in a particular agency and the particular PHRM model that is resident in that agency. Culture-shaping initiatives flow from the area in an agency where strategic decisions are made. Unless the personnel function is an integral part of this area, it will have little, if any, positive influence on organizational culture. Unless an agency adopts a *strategic* human resource management model, PHRM is unlikely to have any positive impacts on the organizational culture. When PHRM adopts a strategic model, it at least gives itself a chance to be included as a strategic partner with senior management. We do not intend to completely devalue the influence of the consultative or organization development model of PHRM on organizational culture. In this model, PHRM participates in the formulation and implementation of organiza-

tional change and development initiatives. It requires human resource professionals to establish and maintain strong advisability relationships with managers at all levels in an agency. These relationships will certainly affect agency culture, but not as pervasively as in the strategic PHRM model.

Organizational climate and culture hold keys that a public human resource manager can use to unlock the status quo—to help the organization advance to a higher plane of performance, productivity, flexibility, innovation, effectiveness, or diversity (Alvesson, 2002; Atkinson, 1990; Downey, Hellriegel, and Slocum, 1975; Ganesan, 1983; Hunt, 1995; Kopelman, Brief, and Guzzo, 1990; Lawler, Hall, and Oldham, 1974; Litwin and Stringer, 1968; Martin, 2002; McNabb and Sepic, 1995; Pritchard and Karasick, 1973; Putti and Kheun, 1986; Siehl and Martin, 1990; Whipp, Rosenfeld, and Pettigrew, 1989). They also hold keys that an HR manager can use to help maintain organizational excellence while the world around the organization changes and “batters against it” (Hunt, 1995).

The culture and climate of an organization thus can serve as levers for influencing people to change—or to maintain—their beliefs, values, attitudes, and patterns of behavior: for example, their willingness to truly listen to clients’ opinions, their approach to work, or their willingness to network and collaborate with people in other units of government or in the private sector (particularly when the environment is turbulent). Organizational culture and climate may encourage government employees to participate (or prohibit them from participating) in organizational improvements such as those that Michele Hunt lists in the quote at the start of this chapter. As the profession of public human resource management continues to grow away from its insulated “personnelism” history into a central agency role that often includes leading change initiatives, a public human resource manager’s tool kit needs to include methods for identifying, interpreting, changing, and maintaining organizational culture and climate. The good news is that public HR managers in many units of municipal, state, and national governments are emerging as pivotal actors who are central to their organization’s effectiveness and even its continued survival as an independent or intact agency. Public HR managers are leading initiatives that affect organizational productivity, flexibility, funding, and grievance filings and outcomes that control the frequency of unwanted newspaper headlines. The power, influence, and ability of PHRM departments to attract increasingly scarce organizational resources have risen along with the increasing importance of department roles (Pfeffer and Salancik, 1978).

There is also less good news, however. Altering or maintaining organizational culture and climate can be a complex, time-consuming, expensive, unpopular, fuzzy, lengthy, and risky endeavor. And knowing when such actions have been successfully accomplished is almost as difficult and controversial (Dutcher, Hayashida, Sheposh, and Dickason, 1992). PHRM departments that take on roles as leaders of change need an array of skills, attitudes, and abilities that may not be readily available in those departments or from reliable consultants.

Thus when an organization's climate or culture must be altered, higher public officials must be convinced of the need for patience and resources to accomplish all the fuzzy tasks involved—at a time and in an environment when both are in short supply.

Departments in organizations typically have their own subcultures, and the subcultures of some PHRM departments are ill-suited for leading important initiatives. Too often, PHRM subcultures and subclimates stifle, suppress, and eventually repel people who have abilities and attitudes that are suited to organizational change. Traditional personnel systems (the interrelated policies and procedures for classifying positions; screening and selecting potential employees; establishing compensation grades, steps, and ranges; evaluating employee performance; and awarding increases) are both products of and sustainers of change-resisting organizational cultures (Shafritz and others, 2001). To the extent that traditional personnelists and the systems they administer dominate the PHRM subculture, it will be difficult for the department to be a pivotal and effective leader of change.

Thus far we have discussed ideas and characteristics common to both organizational climate and organizational culture. However, although they share many attributes, they are substantively different phenomena, and their differences are important for practicing public human resource managers to understand. Organizational climate is the easier of the two to change and to measure; but it can be transitory, like a mood. Organizational climate is close to the surface and relatively easy to sense. Changes in events or leadership can cause it to swing, and the changes can be noticed. Organizational culture is different. It is embedded in the fabric of an organization. When executives or consultants claim that an organization's culture has changed, they usually fail to recognize that only the climate has changed. When the culture is altered, it doesn't snap back; it stays changed.

The purposes of this chapter are practical, not theoretical. It is an attempt to help public human resource managers understand the reasons for, implications of, and challenges involved in identifying, changing, and maintaining a climate or a culture. There are sound reasons, methods, and techniques for working with both, but because climate and culture are not the same phenomenon, they differ. Each phenomenon needs to be understood for what can and cannot be done with it.

## ORGANIZATIONAL CLIMATE

Organizational climate has been an established topic in the literature of organization theory, organizational behavior, survey research, and HRM for decades. It has been defined variously as “psychological environments in which the be-

havior of individuals occurred” (Trice and Beyer, 1993, p. 19), “a summary perception of the organization’s work environment that is descriptive rather than evaluative” (Joyce and Slocum, 1984, p. 721), and “the internal environment of an organization that (a) is experienced by its members, (b) influences their behavior, and (c) can be described in terms of the values of a particular set of characteristics (or attributes) of the organization” (Tagiuri, 1968, p. 27). Because climate is a *social construct* (Berger and Luckmann, 1966), no definitive definition exists. Constructs are social facts (Durkheim, 1963), and “once created . . . they acquire their own power and serve as forceful constraints on the individual’s social behavior” (Fink and Chen, 1995, p. 494). As a perception and a *feeling tone*, organizational climate is not, for example, the incentive pay program or the work environment. Rather, it is how people feel about and react emotionally to the incentive pay program or the work environment—how they let it affect them collectively. Changing an organization’s climate, therefore, is not a monumental groundbreaking feat, at least under ordinary circumstances and in the short term. Difficult it is; extraordinarily difficult it is not. Too often, though, proponents of managerial reform, reinvention, reengineering, and other organizational improvement initiatives confuse organizational climate change with organizational culture change.

“First (or second), the culture of the organization must be changed. (Often the first step is equally sweeping: ‘create a shared vision and mission.’ . . . Having made the pronouncements—warning would-be implementers [of change] that they cannot succeed without first changing the organizational culture—too many articles and books on [managerial reform] simply proceed to the next implementation step with a clear conscience” (Ott, 1995, p. 365).

Changes in events or leadership can cause the organizational climate to swing noticeably, and when an organizational climate has been altered, it can and will change again. Often changes occur as quickly as pressures are removed. When organizational climate has been modified, say, by the election of a strong new mayor or governor, it often drifts or snaps back to the old climate as soon as the executive’s attention moves on to the next initiative or elected position. When an organizational culture has been altered, beliefs, attitudes, values, and behaviors do not snap back or revert easily. Changing the culture of an organization is changing its character or identity.

## ORGANIZATIONAL CULTURE

Whereas climate is a somewhat temporary feeling tone in an organization, culture is integral to an organization and cannot be manipulated easily (General Accounting Office, 1992). “Organizational culture is not just another piece of the puzzle, it is the puzzle. . . . A culture is not something an organization has;



a culture is something an organization is” (Pacanowsky and O’Donnell-Trujillo, 1983, p. 126). A culture is an interactive blend of change-resisting (or enhancing) beliefs, socially constructed realities, values, professional traditions, norms, ways of thinking about and doing things, and language or jargon that is shared by members of an organization (Alvesson, 2002). This blend may vary somewhat across an organization, resulting in subcultures (Martin, 2002; Martin and Siehl, 1983; Trice, 1993). The organizational culture performs the important task of helping employees create meaning in the face of organizational ambiguity and uncertainty (Feldman, 1991). It provides clues and guides that help employees understand what to expect and what is expected of them.

Organizational culture—like climate—is a social construct, and thus its meaning has been the subject of ongoing disagreement (Ott, 1989; Trice and Beyer, 1993). Rather widespread agreement has emerged, however, that organizational culture is all of the following (Ott, 1989, p. 50):

- The culture that exists within an organization, similar to a societal culture but on an organizational scale
- A phenomenon made up of such things as values, beliefs, assumptions, perceptions, behavioral norms, artifacts, and patterns of behavior
- A socially constructed, unseen, and unobservable force behind organizational activities
- A social energy that moves organizational members to act
- A unifying theme that provides meaning, direction, and mobilization for organizational members
- An organizational control mechanism, informally approving or prohibiting behaviors

Schein (1993) identifies three levels of organizational culture (which this chapter applies later to the task of identifying organizational culture): *artifacts*, *patterns of behavior*, and the deepest and most difficult level to get at, *underlying basic assumptions*, ideas likely to have moved from people’s conscious minds to their preconscious minds. Basic assumptions are “like applying brakes while driving a car. After years of pushing the brake pedal and the car slowing, we quit thinking about brakes and braking: we just hit the brakes instinctively, assuming the car will slow down. If hitting the brakes works repeatedly, we cease thinking about braking. Our belief in the relationship between braking and slowing turns into a basic assumption” (Ott, 1989, p. 42).

Organizational culture is not easily discernible, measurable, or alterable. Frequently, executives and consultants who claim that an organization’s culture has changed are in fact seeing only a climate change. A manager cannot simply go out and change the organizational culture—as some consultants and writ-



ers would have us believe (Ott, 1995). Organizational climate is considerably easier to work with.

### PHRM Influences on Organizational Culture

Essentially, all functions in all areas of PHRM responsibility—planning, acquisition, and development of employees—influence the culture of an agency (Klingner and Nalbandian, 2003). The following are examples of functions where the effects on organizational culture are likely to be pronounced and lasting.

**Compensation Philosophy, Policy, and Practices.** An organization's compensation program is the most useful and visible indicator of how employees are valued. For example, an agency that adopts a "sleeper" compensation philosophy communicates its conscious decision to be a follower in the labor market. Conversely, the adoption of a "thruster" compensation philosophy depicts an agency that is pursuing a competitive role in the labor market. The compensation program is thus far more important than the amount of pay it allocates to which employees. It provides visible, irrefutable evidence of the organization's commitment to its employees and to performance excellence. It communicates core agency values far more effectively than senior management's words ever could—and thereby directly affects organizational culture. Effectively communicated core values affect organizational culture.

**Management and Employee Development.** Human resource development policy determines whether an agency is a learning organization—an agency that actively pursues continuous learning among its employees and the development of human capital as a means for ensuring its long-term effectiveness and adaptive growth. Employees are socialized into an organizational culture that values personal and organizational development. A learning organization thereby creates an environment where employees develop feelings of moral or normative commitment rather than mere compliance (Wiener, 1982; Meyer and Allen, 1997).

**Managing Organizational Change.** Many agencies expect their PHRM departments to manage internal change initiatives. The PHRM staff develops implementation strategies and collaborates with other managers in coordinating and executing changes, hopefully using systematic and humanistic processes that maintain organizational trust while effecting the changes. When change is collaborative, humanistic, and strategic, the experience crystallizes agency practices into norms, which become part of the organizational culture.

**Strengthening Employee Involvement.** PHRM almost always plays a leadership role in employee involvement initiatives. The manner in which this role is filled will depend on the needs of the situation. For example, when unit managers

are unwilling or are unable to take leadership roles in implementing an agency's employee involvement program, the PHRM department should be prepared to play both a "leadership pull" and a mentoring or coaching role. In either case, PHRM is an active participant in setting the tone and direction for employee involvement—and thus once again affecting the organizational culture. When unit managers are reasonably skilled and willing to assume the mantle of leadership, PHRM has a "leadership push" role to play. It serves as a consultant or developer, monitors progress, provides advice and some direction, and works closely with the unit managers. In either model, employee involvement programs have long-term culture-shaping effects on an agency.

**Development of a Team Climate.** Regardless of whether a team climate intervention is staffed internally or contracted to a consultant, the PHRM department will usually have responsibility for developing the philosophy and specifications and for coordinating and monitoring activities and outcomes. Thus PHRM has a central voice in the design of interventions that are consciously intended to alter aspects of the belief and value systems of managers and employees—core elements of the organizational culture.

**Administration of Justice and Employee Relations.** The PHRM function influences two important and interrelated dimensions of employee relations: administration of justice and maintenance of the organizational climate. The administration of justice includes the establishment and fair administration of policies for handling employee grievances and the just and timely fulfillment of due process requirements and rights of appeal during disciplinary actions. Actual or perceived misadministration of justice in an agency will chill employee trust and commitment more quickly and more thoroughly than any other area of PHRM activity. The second dimension, the organizational climate itself, is concerned with the behavioral and attitudinal aspects of organizational life, including, for example, employee commitment and satisfaction, the building of employee trust, and the creation of an environment that is conducive to a high level of employee motivation. Obviously, these two dimensions of employee relations are inseparable—and integral to the organizational culture.

**Compliance with Applicable Laws and Regulations.** A strategically positioned PHRM unit influences beliefs, attitudes, and behaviors toward compliance with laws and regulations, key components of the fabric of the organizational culture.

### Organizational Culture Influences on PHRM

Reciprocally, the organizational culture influences the philosophy, structure, direction, and *modi operandi* of its PHRM department and functions. Examples of PHRM responsibilities that are heavily affected by the nature of the organi-

zational culture are explored here. We cite only a few examples, however; a complete list would be very long indeed!

**Compensation Philosophy, Policy, and Practices.** The organizational culture determines whether the organization will be a leader or a follower in the labor market because the compensation system both reflects and communicates how the agency values its employees. Although a compensation norm takes time to develop and become integrated into the culture of the organization, once that has been accomplished, it shapes compensation management philosophy and practices.

**Management and Employee Development.** Some of us have experienced situations where an agency has decided to emphasize management and employee development programs that had previously never been given any priority. Eventually, the policy and practices have flowed both horizontally across and vertically within the organization—and become part of the lasting culture of the organization. Once expectations have been created, employees and managers alike look to the PHRM department to coordinate the development and implementation of programs.

**Staffing.** In the 1950s and 1960s, IBM was widely known as a corporation that valued uniformity and conformity. Recruitments included personality assessments; executives dressed alike, they lived in carefully selected neighborhoods, and meetings began with the singing of company songs (Whyte, 1956). Today, many corporations and public safety agencies reportedly continue to spend large sums on personality assessments of potential executives and other managers to determine whether they will “fit” into their culture. These are all manifestations of how the organizational culture shapes the staffing function.

**Human Development as an Expense or an Investment.** Should government agencies and nonprofit organizations treat education and training costs as an expense or as an investment? The answer to this question both reflects and communicates how agency employees are valued. The culture of an organization shapes how this question is answered in an agency.

**Emphasis on Teamwork or Individual Employee Performance.** Organizational culture has an important influence on whether an agency emphasizes teamwork or individualistic and perhaps competitive employee performance and, concomitantly, the reward system. PHRM is directly affected by this aspect of the organizational culture because it must design and implement reward systems and employee and management development systems that reflect collaborative or individualistic activities.

**Performance Management.** Performance management in a “power culture,” a culture often found in small organizations, has a different orientation than performance management in a “role culture,” a culture that tends to pervade in larger, older bureaucracies (Handy, 1993). Individual effectiveness in a power culture is usually evaluated by measurable results. Individual effectiveness in a role culture, by contrast, is usually measured by compliance with rules and regulations (Handy, 1993; Fleenor and Bryant, 2002). Thus the PHRM unit must be conscious of these differences as it seeks to develop a performance management system for the agency.

Public HR managers cannot “get by” merely by understanding the theoretical foundations of organizational culture and climate. They must also be able to identify these two constructs before they can influence the functions, roles, and responsibilities of the PHRM system or before they can use the human resource management system, functions, and roles to positively affect the organizational climate and culture. Thus the process of identifying organizational climate or culture is of crucial importance for moving the HRM function into the central realities of organizational development and managerial action.

**Employee Relations.** Culture has a dictating influence on employee relations management philosophy, policies, and practices. Law enforcement agencies, for example, in which the role of culture is pervasive, are preoccupied with doing things right. Administrators in these organizations spend much time and effort addressing processes and rules to govern employee relations issues. This must be compared with a human services agency, in which the pervasive managerial style is much less mechanistic and more organic. Employee relations are managed in a more open climate, and employees may even participate in establishing the rules of behavior.

## IDENTIFYING ORGANIZATIONAL CLIMATE

Identifying organizational climate is not a particularly difficult task. Organizational surveys (Desatnick, 1986; Dunnington, 1993; Dutka and Frankel, 1993; Edwards and Thomas, 1993a, 1993b; Glick, 1985; Landis, Dansby, and Faley, 1993; Marsden, Cook, and Knoke, 1994; Pearson, 2003; Rosenfeld, Booth-Kewley, and Edwards, 1993) and longitudinal studies that identify climate (Jackofsky and Slocum, 1988) require careful planning and execution, but they are not particularly difficult to administer. Many organizational climate surveys already exist (Cullen, Victor, and Bronson, 1993; Hellriegel and Slocum, 1974; Litwin and Stringer, 1968; Nave, 1986; Siegel and Turney, 1980; Tagiuri, 1968). (Two examples are presented in Exhibits 14.1 and 14.2.)

**Exhibit 14.1. Organizational Climate Index.**

**The following survey will be used to determine the state of our organizational climate. Rate each item on the basis of the following:**

90–100 Excellent

80–89 Good

70–79 Fair

60–69 Poor

0–59 Very Poor

Your thoughtful, accurate responses will help make our organization stronger and a better place to work. If you have questions about the survey, please ask your supervisor. If you do not have sufficient information to answer a question or have no opinion on a topic, do not answer that question. Place your complete unsigned survey in the box located at \_\_\_\_\_

(location)

by \_\_\_\_\_ .  
(date) (time)

**Section I: Job**

1. Our organization provides adequate training for new employees. \_\_\_\_\_
2. Our organization provides adequate training for new employees to develop new skills. \_\_\_\_\_
3. Job expectations are realistic and clearly stated. \_\_\_\_\_
4. Our facilities are clean, safe, and functional. \_\_\_\_\_
5. Information, materials, and equipment necessary to do my job are provided. \_\_\_\_\_
6. My job is challenging and contains enough variety to be interesting. \_\_\_\_\_
7. The quantity of work associated with my job is not too much or too little. \_\_\_\_\_
- Subtotal \_\_\_\_\_

**Section II: Communication**

1. Our organization has clear, well-written policies, procedures, and guidelines. \_\_\_\_\_
2. There is an adequate amount of communication within our organization. \_\_\_\_\_
3. Methods of communication within our organization are varied (individual contact, group meetings, memos/letters, newsletters, etc.). \_\_\_\_\_

**Exhibit 14.1. Organizational Climate Index, Cont'd.**

4. Communication within our organization is timely, accurate, and complete.	_____
5. Two-way communication is encouraged and present in our organization.	_____
6. There is regular direct person-to-person contact and opportunity for communication between supervisors and staff.	_____
Subtotal	_____
<b>Section III: Management</b>	
1. Effective planning is a characteristic of our organization.	_____
2. Decision making is timely and effective.	_____
3. People are given an opportunity to participate in decisions that affect them all.	_____
4. Evaluations are handled in a fair and professional manner.	_____
5. Disciplinary action is taken only when justified and actions taken are appropriate.	_____
6. Grievance situations are handled in a fair and unbiased manner.	_____
Subtotal	_____
<b>Section IV: Motivation and Morale</b>	
1. Salaries are fair in relation to job requirements, experience, and quality of work.	_____
2. Benefits are adequate.	_____
3. Working relationships with coworkers are positive and enjoyable.	_____
4. Working relationships with supervisors are positive and enjoyable.	_____
5. There is tolerance for individual differences and dissent within our organization.	_____
6. Good work brings appreciation and recognition.	_____
7. A spirit of cooperation and respect for others exists in our organization.	_____
8. Employees take pride in their work and our organization.	_____
Subtotal	_____
Organizational Climate Index	_____

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## Exhibit 14.2. Survey of Organizational Climate.

## GENERAL SURVEY INSTRUCTIONS

**Most of the questions in this survey will ask you:**

- **How much you agree with things**
- **How important things are**
- **How often things happen**

**Each of the questions is answered by circling a number.**

For example:

How much do you agree or disagree with the following statements about your work group?

	Strongly Disagree			Strongly Agree	
My group works well together.	1	2	3	4	⑤
In my group, everyone's opinion gets listened to.	1	2	3	④	5

In this example, Jane Doe was asked how much she agreed or disagreed with certain statements about her workgroup. She feels very strongly that her group works well together. However, she does not feel quite as strongly that everyone's opinion gets listened to although she does agree that this occurs.

Some of the questions may look like this:

	Not Important at All			Very Important	
How important is the respect you receive from the people you work with?	1	2	3	④	5

In this example, there are written descriptions above only some of the numbers. However, any of the 5 numbers can be used. Jane Doe feels that the respect she receives is more than "somewhat important" but not quite "very important." So she answered by circling 4.

Before each set of questions, special directions will be given on how to answer. Please be sure to read the directions and the choices for the answers. You may believe that you do not have enough information to answer some of the questions. We ask that you answer every item that you can based on the information that you have. If none of the choices seems strictly appropriate, please choose the one that comes closest to your feeling or opinion.

## Exhibit 14.2. Survey of Organizational Climate, Cont'd.

**The following statements are about your organization and the experiences you have had working there. How much do you agree or disagree with each statement?**

	Strongly Disagree			Strongly Agree		
1. In general, I am satisfied with my job.	1	2	3	4	5	
2. Management is flexible enough to make changes when necessary.	1	2	3	4	5	
3. People in this organization will do things behind your back.	1	2	3	4	5	
4. The information that I get through formal channels helps me perform my job effectively.	1	2	3	4	5	
5. In this organization it is unclear who has the formal authority to make a decision.	1	2	3	4	5	
6. During this next year I will probably look for a new job outside of this organization.	1	2	3	4	5	
7. Employees do not have much opportunity to influence what goes on in this organization.	1	2	3	4	5	
8. Overall, this organization is effective in accomplishing its objective.	1	2	3	4	5	
9. It takes too long to get decisions made.	1	2	3	4	5	
10. I am told promptly when there is a change in policy, rules, or regulations that affects me.	1	2	3	4	5	
11. This organization is responsive to the public interest.	1	2	3	4	5	
12. When changes are made in this organization, the employees usually lose out in the end.	1	2	3	4	5	
13. Employees here feel you can't trust this organization.	1	2	3	4	5	
14. When a commitment or promise is made by management, it will be carried out.	1	2	3	4	5	
15. I often think about quitting.	1	2	3	4	5	
16. In this organization authority is clearly delegated.	1	2	3	4	5	
17. All in all, I am satisfied with the work on my present job.	1	2	3	4	5	



## Exhibit 14.2. Survey of Organizational Climate, Cont'd.

**The next two questions ask about the frequency of conflict in your work setting.**

	Never					Very Often
18. How often does conflict interfere with getting your work done?	1	2	3	4	5	
19. How often have you personally had work conflicts?	1	2	3	4	5	

**The next few questions ask about your immediate supervisor—the individual that you report to directly. How much do you agree or disagree with each statement?**

	Strongly Disagree					Strongly Agree
20. My job duties are clearly defined by my supervisor.	1	2	3	4	5	
21. My supervisor encourages subordinates to participate in important decisions.	1	2	3	4	5	
22. My supervisor knows the technical parts of his or her job well.	1	2	3	4	5	
23. My supervisor gives me adequate feedback on how well I am performing.	1	2	3	4	5	
24. My supervisor and I discuss things that I need to do for my career development.	1	2	3	4	5	
25. My supervisor helps me solve work-related problems.	1	2	3	4	5	
26. My supervisor demands that subordinates do high quality work.	1	2	3	4	5	
27. My supervisor encourages me to help in developing work methods and job procedures.	1	2	3	4	5	
28. When a conflict occurs between two people in my work group, my supervisor listens to both sides of the story.	1	2	3	4	5	
29. My supervisor handles the administrative parts of his or her job well.	1	2	3	4	5	
30. My job performance is carefully evaluated by my supervisor.	1	2	3	4	5	

Exhibit 14.2. Survey of Organizational Climate, Cont'd.

	Strongly Disagree				Strongly Agree
31. My performance rating presents a fair and accurate picture of my actual job performance.	1	2	3	4	5
32. My supervisor attempts to resolve conflicts in private with the persons involved.	1	2	3	4	5
33. My supervisor insists that subordinates work hard.	1	2	3	4	5
34. My supervisor sets clear goals for me in my present job.	1	2	3	4	5
35. My supervisor asks my opinion when a problem related to my work arises.	1	2	3	4	5
36. My supervisor deals with subordinates well.	1	2	3	4	5
37. My performance appraisal takes into account the most important parts of my job.	1	2	3	4	5
38. My supervisor keeps adequately informed about how I think and feel about things.	1	2	3	4	5
39. My supervisor helps to resolve conflicts that occur in my work group.	1	2	3	4	5
40. My supervisor maintains high standards of performance for his/her employees.	1	2	3	4	5

**The following questions ask about the frequency of performance feedback. Please indicate the most appropriate response for each item.**

	Never				Very Often
41. How often do you receive feedback from your supervisor for good performance?	1	2	3	4	5
42. How often would you like to receive feedback from your supervisor for good performance?	1	2	3	4	5
43. If you are a supervisor, how often do you give your subordinates feedback for good performance? (Leave item blank if you are not a supervisor.)	1	2	3	4	5
44. If you are a supervisor, how often do you give your subordinates feedback that helps them improve their performance? (Leave blank if you are not a supervisor.)	1	2	3	4	5

Exhibit 14.2. Survey of Organizational Climate, Cont'd.

	Never					Very Often
45. How often do you receive feedback from your supervisor that helps you improve your performance?	1	2	3	4	5	
46. How often would you like to receive feedback from your supervisor that helps you improve performance?	1	2	3	4	5	

**Here are some statements that may or may not describe your workgroup, that is the people with whom you work most closely on a day-to-day basis. How much do you agree or disagree with each statement?**

	Strongly Disagree					Strongly Agree
47. In my group, everyone's opinion gets listened to.	1	2	3	4	5	
48. There are feelings among members of my workgroup that tend to pull the group apart.	1	2	3	4	5	
49. The people I work with generally do a good job.	1	2	3	4	5	
50. Coordination among workgroups is good in this organization.	1	2	3	4	5	
51. If we have a decision to make everyone is involved in making it.	1	2	3	4	5	
52. My coworkers encourage each other to give their best effort.	1	2	3	4	5	
53. I have confidence and trust in my coworkers.	1	2	3	4	5	
54. In this organization, competition between workgroups creates problems in getting work done.	1	2	3	4	5	
55. I feel I am really part of my workgroup.	1	2	3	4	5	
56. In this organization, conflict that exists between groups gets in the way of getting the job done.	1	2	3	4	5	
57. Because of the problems that exist between groups, I feel a lot of pressure on the job.	1	2	3	4	5	
58. My group works well together.	1	2	3	4	5	

## Exhibit 14.2. Survey of Organizational Climate, Cont'd.

**The next questions are about your job and the kind of work you do. How much do you agree or disagree with each statement as a description of your job?**

	Strongly Disagree					Strongly Agree				
59. I have a great deal of say over decisions concerning my job.	1	2	3	4	5					
60. The things I do on my job are important to me.	1	2	3	4	5					
61. I do not have enough training to do my job well.	1	2	3	4	5					
62. The work I do on my job is meaningful to me.	1	2	3	4	5					
63. I feel personally responsible for the work I do on my job.	1	2	3	4	5					
64. I have too much work to do everything well.	1	2	3	4	5					
65. I have all the skills I need in order to do my job.	1	2	3	4	5					
66. My job is challenging.	1	2	3	4	5					
67. I work hard on my job.	1	2	3	4	5					
68. It's important to me that I do my job well.	1	2	3	4	5					
69. I have a great deal of say over what has to be done on my job.	1	2	3	4	5					
70. My job gives me the opportunity to use my own judgment and initiative.	1	2	3	4	5					
71. My job makes good use of my abilities.	1	2	3	4	5					
72. I feel that I am making a contribution to the overall objectives of my organization.	1	2	3	4	5					
73. It always seems as if I have too much to do.	1	2	3	4	5					
74. In general, I like working here.	1	2	3	4	5					

**Here are some things that could happen to people when they do their jobs especially well. How likely is it that each of these things would happen to you if you perform your job especially well?**

	Not at All Likely					Very Likely				
75. How likely is it that you will be promoted or given a better job if you perform especially well?	1	2	3	4	5					

Exhibit 14.2. Survey of Organizational Climate, Cont'd.

	Not at All Likely				Very Likely
76. How likely is it that your own hard work will lead to recognition as a good performer?	1	2	3	4	5
77. How likely is it that you will get a cash award or unscheduled pay increase if you perform your job especially well?	1	2	3	4	5
78. How likely is it that you will have better job security if you perform especially well?	1	2	3	4	5
79. In general, the current level of conflict that exists in my work setting is	1	2	3	4	5
	Very Low	Low	Moderate	High	Very High
80. Please rate the amount of effort you put into work activities during an average workday.	1	2	3	4	5
	No Effort		Some Effort		Extreme Effort

**This completes the survey. We appreciate your cooperation in taking the time to answer these items thoughtfully.**

*Source:* Siegel and Turney, 1980.

Two measurement issues are (1) aggregating climate from individual perceptions (Dansereau and Alutto, 1990; Joyce and Slocum, 1984) and (2) resolving the inevitable problems encountered when using quantitative techniques to describe phenomena from the arm's-length perspective of an objective observer (Edwards and Thomas, 1993a, 1993b; Glick, 1985; Hellriegel and Slocum, 1974).

The stickiest part of measuring organizational climate, however, is a third issue—reaching agreement about the operational definition of the organizational climate. That is, precisely how will climate be defined for the purposes of the measurement? This task may sound straightforward, but it is not, because it is usually not truly a measurement issue but a political issue.

First, organizations do not set out to identify or measure organizational climate purely for the interest value. They have practical reasons—for example, to identify the need for change, to gauge readiness for a new program, to identify attitudinal or feeling-tone barriers that may cause problems for a planned initiative, to focus a planned change, or to establish a baseline against which they will be able to determine the effects of organizational change (Burns, 1996).

Second, the process of identifying organizational climate surfaces implicit values or beliefs about organizational goodness. What makes an organization “good,” “healthy,” or “effective”? What levels of which climate indicators signal the need for change? (Culbertson and Rosenfeld, 1993; Kerce and Booth-Kewley, 1993; Landis, Dansby, and Faley, 1993; Pearson, 2003; Toulson and Smith, 1994). Would improving (what aspects of?) organizational climate increase (what indicators of?) organizational effectiveness? These are hard questions to which there are only social fact answers, and the answers often influence which—or whose—program is implemented.

Third, the attempt to identify organizational climate is usually precipitated by a desire or a plan to improve an organization in a predetermined manner. Such improvement might involve employee motivation, job satisfaction, or personnel management practices (Downey, Hellriegel, and Slocum, 1975; Ganesan, 1983; Lawler, Hall, and Oldham, 1974; Pritchard and Karasick, 1973; Putti and Kheun, 1986; Toulson and Smith, 1994). All dimensions of organizational climate reflect implicit normative views about what should be done to improve an organization. When a survey is designed to identify social constructions, only the needs and variables it addresses are capable of being found. If a dimension is not included, it does not exist! Thus on the one hand, if advocates for reform thought it likely that employee empowerment would improve the organizational climate, they would fight to include questions about empowerment in the instrument. On the other hand, if the PHRM director or the agency chief believed that organizational improvements could best be accomplished by improving supervisors’ communication skills or by clarifying currently ambiguous rules, the instrument would be designed to gather information about those dimensions. Thus deciding which operational definition of organizational climate to measure can develop into a political brawl.

The changeability of organizational climate also poses interesting problems of interpretation. All of us react differently to tension-producing situations. Likewise, not all employees react or respond in the same ways to the same stimuli. If public human resource managers were to survey the climate after introducing an incentive pay program or work environment change, they would probably get some patterned responses but also different perceptions (readings) of the organizational climate across work groups and at different points in time (Glick, 1985; Turnipseed and Turnipseed, 1992). These differences might be interpreted either as reflecting the existence of subclimates or as revealing the absence of a pervasive organizational climate. Unless managers are methodologically careful, they might pick the incorrect interpretation for their organization.

The important point, however, is not to get caught up in the complexities. Be clear about why a reading of organizational climate is wanted, and design or select an instrument or other measurement process that suits the purpose.

## IDENTIFYING ORGANIZATIONAL CULTURE

The task of identifying an organizational culture is considerably more complex than measuring a climate. The obstacles are plentiful and difficult to circumvent—without trivializing what organizational culture is. The most serious problem in identifying an organizational culture is that culture is not a thing; it is woven into the fabric or character of the organization. Analogously, it is more difficult to measure people's personalities than it is to measure their beliefs or behaviors. Here are some additional substantial barriers to identifying organizational culture:

- Most organizational culture studies use qualitative or near-qualitative rather than quantitative research methods. Qualitative methods are excellent for describing and explaining but not for predicting and generalizing.
- Organizational culture research has relied on qualitative research methods because it is almost impossible to use quantitative methods to study such things as subconscious basic assumptions. Qualitative methods, however, do not meet quantitative research design standards for ensuring validity and reliability. Qualitative studies of organizational culture are therefore not valid according to quantitative research standards and will often be subjected to severe criticism.
- Most qualitative research efforts take many months or even years to complete. When information about organizational culture is needed quickly—for input to strategy decisions, for example—qualitative methods cannot deliver.
- Qualitative studies are expensive to conduct.

However, when PHRM decisions must be made, information is needed, and a manager may be called on to undertake the complex and sometimes risky task of studying the organizational culture. Anyone who initiates this task faces many decisions about what to investigate, the methods and strategies to use, and the claims that can be made about the findings.

Practical concerns should prevail: the level of culture to be studied and the methods to be used to collect information should be appropriate to the reasons for conducting the study. For example, the methodological approach used by a PHRM department to study the limits an agency's basic assumptions impose on the agency's ability to implement a pilot team-based incentive pay plan should not be the same as the methods used by a General Accounting Office team to prepare a report for Congress on the factors that determine the effectiveness of team-based incentive pay plans in the Department of Defense (General Accounting

Office, 1992). Different organizational purposes require designs and methods that can identify different levels and dimensions of culture—and also produce results at different costs, within different time frames, and with different levels of confidence in the findings.

The first step is to decide which level of culture to investigate:

- Material artifacts (level 1A)
- Patterns of behavior (level 1B)
- Beliefs, values, and ideologies (level 2)
- Basic underlying assumptions (level 3)

Once again, the choice of level should be driven by purposes—the reasons why the organization wants the culture identified. Methods can and should be chosen to fit the study's purposes. Methodological trade-offs can be made, particularly between the costs and time it takes to identify a culture and the confidence an organization can place in the findings. Thus if a PHRM department needs information now to decide on the feasibility of a new program and if confidence-level requirements are not high—if the department can tolerate a margin of error—study approaches can be designed to hold down costs and produce information relatively quickly. Conversely, if the department can take a few months for the study, methods can be used that yield results in which management can have higher confidence. Awareness of such trade-offs is crucial: the choice of methods for identifying organizational culture should be based on how quickly results are needed and how findings will be used. The remainder of this chapter explains how to identify organizational culture and which indicators to study at each level of organizational culture.

### Level 1A: Artifacts

Clues about organizational culture can be collected quickly and inexpensively by looking at material artifacts, such as physical settings and archives. However, artifacts should be used only as clues or as confirmations of other findings about the culture. They cannot be trusted to provide accurate information by themselves, and it is difficult to piece cultural patterns together accurately from them. Techniques that can be used to observe them include the following:

- Wandering around and looking at physical settings (Gagliardi, 1990; Steele, 1973)
- Rummaging through archives and other organizational records (Clark, 1970; Pettigrew, 1979)
- Reading between the lines on organization charts (Greenfield, 1984; Meyer, 1984; Weick, 1976)



- Listening to the everyday language, jargon, humor, and metaphors used in halls, restrooms, and lunch areas (Boland and Hoffman, 1983; Evered, 1983; Louis, 1981; Pondy, 1978)
- Absorbing the myths, stories, sagas, and legends told at new employee orientations and other celebrations and rituals (Clark, 1970; Feldman, 1991; Martin, 1982; Martin and Powers, 1983; Martin and Siehl, 1983; Pettigrew, 1979; Pondy, 1983; Wilkins, 1983).

### Level 1B: Patterns of Behavior

Innumerable instruments, questionnaires, and surveys already exist for identifying norms and patterns of behaviors in organizations (Alexander, 1978; Allen and Kraft, 1982), but designing and developing effective instruments can be expensive and time-consuming (see Chapter Twenty-Nine). When such surveys are done carefully, they can provide a plethora of useful information, and findings can be compared among organizational units and within units over time.

Surveys of norms also have limitations and dangers. First, norms that are not addressed by an instrument cannot be identified by it. Second, people tend to believe survey results because they look scientific, which can lead to dangerous practical consequences. Third and most important, it is tempting to use questionnaires to identify norms and then hope the norms are accurate reflections of the deeper levels of organizational culture—the basic underlying assumptions (Cooke and Rousseau, 1988). Sometimes they are, but it is not easy to know when they are and when they are not. Norms by themselves are not organizational culture. Thus norm surveys provide only one measure of one indicator of one level of organizational culture.

### Level 2: Beliefs, Values, and Ideologies

Artifacts and behavioral patterns can be seen, touched, or heard directly, and norms can be inferred from patterns of behavior or surveys. Beliefs, values, and ideologies, by contrast, are further removed from observable behavior. Relationships between what is observed and assumptions buried deep inside people's heads can be blurred by intervening factors. Inferring beliefs and values from observable behavior thus can be a risky endeavor (Beyer, Dunbar, and Meyer, 1988; Conway, 1985; Dougherty and Kunda, 1990). Roger Harrison (1993; Harrison and Stokes, 1992) has developed an interesting paper-and-pencil instrument for diagnosing organizational culture, or as he calls it, *organizational ideology*. Ideology establishes a rationale for norms and explains the behavior of an organization's members. Thus, for example, Al-Khalaf and Ott (1994) chose Harrison's instrument to identify cities whose ideologies, or cultures, indicated a readiness for managerial reform implementation.

### Level 3: Basic Underlying Assumptions

Attempting to decipher an organization's basic assumptions accurately is a substantial undertaking. It requires a lengthy involvement (usually more than one year), a combination of outsider and insider perspectives, almost unrestricted access to people and records, the use of multiple data collection strategies, and an understanding that when all is completed, the results will not necessarily be widely accepted by the organization as valid or useful (Burns, 1996; Ott, 1989; Pettigrew, 1979; Rousseau, 1990; Schein, 1993; Trice and Beyer, 1993; Van Maanen, 1983; Van Maanen, Dabbs, and Faulkner, 1982). Thus except in the most unusual circumstances, public HR managers are advised to settle for a strategy that avoids trying to identify basic underlying assumptions and instead uses the proxy measures (substitute indicators) at a more observable level of organizational culture.

### Summary: Identifying Organizational Culture

For most purposes, public human resource managers should not try to decipher basic assumptions. Instead, they should be practical and take all the following actions:

- Use proxy indicators of organizational culture. Proxy measures at level 2 of organizational culture (beliefs, values, and ideologies) are usually preferable. The potential for making grievously wrong inferences about culture is higher when using artifacts than when using beliefs, values, and ideologies.
- Use more than one type of measure of more than one indicator of organizational culture (Hofstede, Neuijeu, Ohayv, and Sanders, 1990; Rousseau, 1990).
- Select strategies and tools to fit the purposes. For example, focus groups are the wrong methodological choice when the purpose is to make comparisons between organizations.

Keep in mind that qualitative research methods in general are most useful for describing aspects of organizational culture. They are not of much use for generalizing and are virtually useless for testing hypotheses about relationships between variables—for example, between organizational culture and organizational productivity or adaptability.

Be prepared to be criticized. Any strategy or tool used to identify organizational culture will be attacked by someone. That comes with the territory! So be clear in your purpose, as this chapter has emphasized, and be prepared to justify your selection.

## CONCLUSION

Human resource managers should fully understand the important roles that culture and climate play in their organizations, particularly in enabling or inhibiting change. Also, PHRM practitioners need to be alert to the distinctive natures of these two phenomena—and hence to the different purposes, methodologies, and strategies for identifying them. This recognition will help the public human resource management structure and functions become integral parts of strategic management of the agency.

Public human resource professionals often work collaboratively with other managers in the design, development, and implementation of organizational changes. Knowing how to identify and assess organizational culture and climate will not only strengthen relations these PHRM professionals must establish with line managers but also expand the leadership roles they must play to successfully effect organizational changes.

HRM professionals in public agencies and private corporations who are skilled in identifying organizational climate and culture can be important contributors in the development and implementation of cultural change initiatives. Consequently, even if the agency should decide to contract with external change consultants, PHRM professionals who are experienced in working with culture and climate will be better able to represent, protect, and advance their organization's interests.

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# Understanding and Using Conflict in the Workplace

Margaret S. Herrman

*To be alive is to be in conflict. To be effective is to be in conflict. Organizations cannot function without conflict, and members of an organization cannot interact without conflict. If organizations are to be effective, and if members of an organization are to be competent, they must be able to manage and resolve conflicts constructively.*  
—Dean R. Tjosvold and David W. Johnson, *Productive Conflict Management*

Many professional mediators and scholars consider conflict a natural by-product of human interaction. By extension, suppression of conflict contributes to dysfunctional consequences. Several examples taken from office settings and actual mediations make the point. In the first, two office assistants had a great deal of trouble working together. One assistant needed silence to concentrate on spreadsheets. The other needed social contact to feel a part of a team and sustain motivation. When heated verbal exchanges spilled out of their office, work throughout the administrative complex ceased. A second example is similar to the first, except this conflict evolved into an allegation of sexual harassment. A single mother, an office assistant who had worked for the tax assessor for several years, was offended by a newer male employee, who felt more a part of the office community when he came in on Monday morning with stories of his gregarious social activities over the past weekend. In a third example, a lab technician, who was openly gay, accused his supervisor of violating his civil rights when the supervisor gave the technician lower than average raises two years in a row. The supervisor expected the technician to replace chemicals when existing stock was half depleted. The technician, trying not to waste resources by stockpiling materials that would have to be discarded after their expiration date, waited longer to order replacement stock. Sometimes the lab ran out of a few chemicals. The two never really talked about differences in expectations. And in a fourth example, allegations of racial dis-

crimination evolved when an African American female was reprimanded for not following written office procedures by documenting times she would be out of the office seeing clients, on sick leave, or telecommuting. The employee worked well when she and her supervisor discussed policies and their rationale. However, written updates found their way to the bottom of a pile of paper on the employee's desk.

From a mediator's perspective, these are normal interactions. But compare this relatively nontraditional view of conflict as a natural by-product, first articulated by Coser (1956), to traditional views. To most people, conflict signals a malfunction. Something has gone wrong and needs to be fixed before life will return to normal. Most people don't realize that traditional interpretations lead to reactions like avoidance, talking to the wrong people, superficial conversations, or inflammatory responses (see Herrman, 1994) that increase rather than decrease the negative consequences of a conflict. Fear of conflict contributes to a self-fulfilling prophecy—dysfunctional reactions lead to dysfunctional results.

The term *constructive conflict resolution* is used throughout this chapter. Destructive resolution strategies alienate people from other people or the entire organization. Signals include low morale, poor work habits, bickering, nasty memos, and physical symptoms such as headaches and ulcers. Excessive turnover might also be a consequence of a work environment where employees fail to work through conflict constructively. By comparison, constructive conflict resolution is signaled by the absence of all that and by the presence of the added benefits of greater creativity, conversations that support joint work, improved working relationships between people, and less strain on employees and managers. A workplace that supports constructive conflict resolution accepts conflict for what it is, a natural part of people being in contact with other people; people working things out and moving on to the next challenge.

Constructive conflict resolution is not a typical dynamic in many work settings. In fact, out of fear, embarrassment, or a sense of helplessness, most people wait a long time and experience mounting frustration before seeking the assistance of someone from human resources (HR) or any other resource (see Herrman, 1994). Walk in a typical employee's shoes.<sup>1</sup> The employee may or may not be thinking about discrimination when seeking help from the HR department. Think about his or her apprehension or skepticism when going into most HR offices.<sup>2</sup> The employee fears that he or she is vulnerable in a help-seeking conversation with HR staff, and apprehension may be warranted if the HR representative thinks, like everyone else, that conflict is a malady; if HR is simply expected to inform people about relevant policies or law (Chapters Thirteen and Sixteen describe the roots of HR's response); or if any expression of a problem is interpreted as a statutory complaint waiting to happen.<sup>3</sup> The conversation will be predictably short and not very productive. HR employees are usually not

encouraged to explore problems with employees. Indeed, the HR staff person may lack listening and problem-solving skills.<sup>4</sup> Even worse, HR staff might not understand the need to treat these conversations as confidential. From the employee's point of view, traditional HR departments and institutional climates prioritize the needs of the organization over those of an individual employee. In so doing, they contradict Montgomery Van Wart's argument in Chapter Thirteen that employees are an organization's best resource for innovation, organizational flexibility, motivation, and effective responses to client needs.

Finally, traditional HR practices disregard advances in our understanding of conflict and negotiation as well as the institutionalization of successful conflict resolution programs in government settings. HR professionals have options that support more flexible, innovative, and effective workplaces. This chapter highlights HR practices, often designed or supported by offices of legal affairs, that suppress and exacerbate workplace conflict. The chapter also describes several options and explains why some options work in some situations and not in others (for example, collective bargaining gives employees a voice in wage negotiations but misses the mark in interpersonal disputes over offending interactions). One size does not fit all. Space limitations prevent elaborate descriptions, so links to other resources and a bibliography are provided. But these limited resources represent the tip of the iceberg; additional information can be found in the other chapters in Part Three. Common themes underscore workplace innovations over the past twenty years.

## ASSUMPTIONS

Before describing options, it is important that readers understand the assumptions that support this chapter.

1. Workplace conflict is neither isolated nor uncommon.
2. Most workplace conflict initially involves something other than disputes over wages, benefits, legal or statutory infractions.
3. Conflict signals incompatibility where the normal actions of one person or group prevent others from doing what they want to do. Conflict should be defined as *offending* interactions, not *sick* interactions. Once any conflict occurs, there are four possible outcomes: you win and your rival loses; your rival wins and you lose; you compromise, and both of you lose to some degree; or you collaborate and create a solution where both of you win some of what you wanted. Everyone seems to favor the first outcome, fear the second, and choose the third as a last resort. Until the 1980s, the win-win outcome was rarely considered (Herrman, 1994). Now state and federal courts offer collaborative conflict resolution resources as an alternative to litigation. A number of federal and

state agencies (including the Equal Employment Opportunity Commission) rely on collaborative decision processes for diverse types of conflicts, including workplace conflict and equal employment opportunity grievances.

4. Conflict is as multifaceted as it is ubiquitous. Numerous things cause conflict, and being able to spot a source gives clues about the relative difficulty of resolving the conflict (Coser, 1956).

*Data-based conflicts* include situations where an employee has important information (such as registration or intake data, policies, or forms) but fails to share it with others (for example, personnel in different divisions of a family-serving agency fail to share information about a family, or administrative memos covering policy changes within a single agency are not distributed to all supervisors). Or people interpret the same information in different ways (different supervisors interpret leave policies in different ways for different workers; violations of personal space—the comfortable distance between people when they are speaking—spark sexual harassment complaints). Cues that a data conflict exists include missed deadlines, overlapping or repetitious work assignments, a climate of purported favoritism, proposals or policies not reaching the right desk, or negative performance appraisals based on vague or inconsistent job specifications. Data-based conflicts are perhaps the easiest to resolve.

*Structural conflicts* could emerge from shifting program mandates, the introduction of new technologies, change in work sites, the introduction of new classifications of workers, or procedural issues (the way people check in and out, how they apply for leave, how reprimands are dispensed and reviewed). Consider a government worker with ten years of experience in a specific job who fears that new technologies and changing agency mandates are making the job obsolete. New hardware and software require different knowledge and skills of a type easily demonstrated by younger workers. Because of budget cuts, the agency has no classes on new computer systems. What happens to the work atmosphere when a younger employee receives higher performance ratings than an older worker? Or consider two employees with the same amount of leave accrued asking for the same amount of leave time to care for sick loved ones. One is granted leave; the other is denied. Like data-based conflicts, structural conflicts are relatively easy to resolve if managers and HR looks at policy implementation or the agency changes the structure of spending priorities in order to invest in the development of worker skills and knowledge (for example, is a budget line for new computers more important than a training line?). Structural conflicts frequently occur in office settings.

*Relational conflicts* surface because physical proximity for eight or more hours a day predisposes emotional reactions (like or dislike, struggles for dominance or control, grief over relational loss) that mimic reactions in families. For example, coworkers or a supervisor bonds with a new employee in a mentor-type relationship. But the bond fades as the new employee develops sea legs

and becomes a savvy veteran. Jealousy might become an issue if the new employee starts lunching regularly with someone other than the mentor. Relational conflicts can be more difficult to resolve than data or structural conflicts. At the same time, relational tensions are usually ripe for a constructive conflict-handling process when interventions are timely. Ignoring or playing relational conflicts down exacerbates the situation.

*Interest conflicts* stem from competition over perceived or actual incompatible needs. They might surface over substantive issues like salaries, promotions, or raises; access to physical resources such as computers, agency vehicles, office space, or office location; issues relating to time (leave time, overtime, staff development time); or psychological issues (like trust, trustworthiness, fairness, desire for participation, respect, or perceptions of favoritism; Herrman, 1997). A supervisor who breaches confidentiality undermines employees' trust that supervisors will respect their privacy. Interest conflicts are not the most difficult type to resolve, as long as people talk about the underlying issues (Fisher and Ury, 1983). The key is having a safe forum where talk helps people clarify their thinking. Many staff-management conflicts in government offices are interest-driven.

*Value conflicts* stem from perceived or actual incompatible belief systems. These are difficult conflicts to resolve because personal beliefs are what people use to give meaning to social interactions, and they are hard to change. People depend on their beliefs to define such key values as what is good, what is right, and what is just. Differing values do not necessarily cause conflict. People can live together in harmony for years even though they hold different values. But conflict can surface when one person attempts to force his or her values on others. As the workforce becomes more diverse, substantially more interest- and value-based conflicts will emerge, and as Williams (1994) notes, even the smallest exchanges can cause friction when the exchange crosses ethnic and cultural divides. Be aware also that cultural divides can be very subtle. In some regions of the United States and some rural communities, values defining decorum dictate how and when you greet someone when you meet. For example, in traditional communities in the South, members of the younger generation are expected to speak first, and in some communities, the use of a title (Mr., Mrs., or Ms.) is expected. Consider the potential for friction when a young, brusque, preoccupied person from another region takes a job in the rural South. When behavioral expectations are violated, suspicions of anger or aloofness build up. Although expectations about greetings do not constitute formal procedures, they are part of subconscious and powerful beliefs that define how the world "should" operate. Values attached to personal space, dress codes, eye contact, permissible speech, and communication styles all fall into the realm of potential value conflicts. Some workplaces, for example, grapple with allowing Muslim employees to take time to pray every day. Value conflicts are perhaps the most difficult type to resolve.

5. Conflict per se is much less problematic than the manner in which people work through a conflict. When employees and management recognize conflict as an asset, they tend to discuss the bothersome situation early and thoroughly, respect the people and the organization involved, avoid blame and recrimination, and use the conflict to stimulate change, innovation, and improved working relationships (see Tjosvold, 1991).

6. Workplace conflict is sometimes rooted in organizational cultures and operational climates (see Chapter Fourteen for excellent definitions). This includes policies related to performance as well as expectations about communication between management and employees, between employees, and between employees and clients.

7. Sometimes conflict is rooted in cultural differences that influence many things, but especially communication styles, perceptions of gender, power and authority, and definitions of what constitutes problematic behaviors.

8. Sometimes conflict originates within close working relationships that deteriorate into feelings of rejection, inadequacy, frustration, or aggression of the kind that mirror negative feelings in any intimate relationship.

9. Workplace conflict is usually not symptomatic of management or employee failure or dysfunctional personalities. However, in a minority of situations, difficult personalities contribute to a problem (for example, out of a hypothetical 100 employment mediations, three to five might involve people exhibiting substantially difficult personality traits).

10. Government settings characterized by merit- or tenure-based personnel systems are rigid. Policies tend to hold workers in a tension-filled niche by making movement out of the organization or to a new internal post difficult.

11. Most managers and employees in government workplaces understand the technical side of their jobs but understand very little about how to talk about and resolve conflicts constructively. This deficit is especially bothersome in relation to managers who think they have resolved a problem when they have told employees what to do or when they have made a decision. When managers also violate confidential conversations with employees, the toxic mix contaminates organizational climates and even cultures.

12. Because individuals know so little about constructive resolution techniques and feel inadequate when confronted with a conflict, they avoid confrontation as long as possible (usually compounding anger, cynicism, apathy, passive-aggressive behaviors, and other negative aspects of the situation). When avoidance fails to improve the situation, people overreact by acting actively or passively aggressive (another version of “fight or flight”).

13. People prefer harmony to discord.<sup>5</sup> Given a constructive, problem-solving environment and a desire to create harmony, people will act as mature, independent, and responsible people.

14. Working with a conflict early, especially when people are eager to solve a problem, is the best way of supporting employee morale and reducing the

costs associated with a conflicted workplace (such as low morale, absenteeism, poor performance, formal grievances, and litigation costs).

## INHERENT SOURCES OF WORKPLACE CONFLICT

Work environments evolve with changing regulations, service demands, technologies, and workforce profiles, and change increases the probability of conflict. To illustrate, government employees may be ill equipped to serve an aging population of baby boomers and seniors while also addressing the needs of an ever-expanding lower class. New demands overwhelm people, and the pressure easily translates into interemployee friction. In a small, underfunded, overextended government office, conflict emerges over such matters as who answers the phone, who locates new funding sources, who writes proposals to find more money, who manages multiple funding sources, who manages new educational efforts to reach previously unserved client groups, and who creates new protocols for intake and data management.

All workplaces face a heightened potential for conflict brought on by an increasingly diverse mix of employees. Government workplaces, once staffed predominantly by people of European descent, now routinely embrace workers of many cultures. In the past, tensions between career and appointed employees were expected. Now, traditional full-time workforces have been downsized, and a smaller workforce has been augmented by contractual, often marginalized part-time staff. The probability for misunderstanding and differing expectations about what appear to be simple work routines increase with each new worker of a different culture (Williams, 1994) and as agencies add different categories of employees.

The authors of Chapter Seventeen catalogue a body of law invoked when employees transgress statutorily protected workplace boundaries. These laws exist because people have violated basic expectations of fair treatment to the extent that complaints about mistreatment matured into successful litigation. Even though the body of law strikes a cautionary note, managers commonly assume that people complain frivolously. Mediators working in this area would observe that while relatively few complaints meet various legal standards, complaints are seldom baseless.

## OPTIONS

Workplace responses to conflict have evolved into a variety of programmatic strategies that support constructive ways of working with conflict. I shall describe four, although many applications exist. Be aware that when examining



options, your understanding will be colored by your personal philosophy, your set of values. Do you view staff as people who work for a paycheck, who do their job but are not creative, who will take advantage of the system, and who work best under strong managers? Or do you view employees as loyal, creative people who care about the organization and its clients, as people with emotions, and as self-starters who take pride in their work? Descriptions of the options presented here are biased against the first point of view and in support of the second. The bias is grounded in my own personal values but even more in over three decades of experience watching managers and employees burn out when they are forced to work in offices run according to the first set of values. You are in the catbird seat. You know how you feel: Is it value set one or value set two? Your challenge in reading this chapter, and in deciding whether to use information presented here, is to match actions with your philosophy. Implementing options that support a creative, self-determining workplace will work best where leaders view employees as assets. Although people up and down the organizational chain of command can be brought along, there needs to be a critical mass of leaders whose thinking supports the second value set. A mismatch creates more havoc than doing nothing.

### **Option 1: Unions and Management Working Together**

The most traditional way private sector and government workplaces approach workplace conflict is through unions. Union and management representatives in the private sector have relied on collective bargaining for negotiating wage and benefit packages since the 1920s. The federal sector recognized unions in the 1960s (see Chapter Sixteen). Early legislation limited the issues unions could negotiate through collective bargaining to wages, hours, and benefits packages. Even with limitations, federal employees seek assistance from unions because they give employees leverage they would otherwise lack. According to Robert Tobias in Chapter Sixteen, about 80 percent of eligible federal employees and a little over 40 percent of state and local employees are represented by unions. Unions give voice to employees on important concerns. They also provide countervailing clout in those cases where an agency or program head concentrates more on building a legislative track record than on nurturing a creative, effective work environment.

But the capacity of unions is limited if management and human resource professionals want to create workplaces where employees are capable of predicting and reacting quickly to an interpersonal conflict and where they are skilled at resolving problems before someone feels the need to complain to HR (see Tjosvold, 1991, for a private sector example). The first limitation stems from what Tobias describes as a long history of adversarial relationships between union, management, and human relations representatives. An executive order issued during the Clinton administration mandating collaborative working relationships produced

results, but applications were spotty, and success was often based on individual personalities. Resistance to change and skepticism born out of the historic sparring also shortchanged the effort. According to Tobias, the effort has been reversed under the Bush administration.

Second, typical collective bargaining processes per se reduce the likelihood that anything other than issues relating to money will be negotiated. During collective bargaining, representatives of employees and management develop written position statements that blanket the needs of all unionized employees. Then each side presents its demands or positions to the other side's representatives. Representatives privately discuss the demands and positions to develop a strategy for rebuttal. Rebuttal ensues, and representatives go back and forth. This type of bargaining works well in real estate, and it does give government employees an opportunity to improve wage and benefits packages, but this pattern of negotiation leaves a lot to be desired if HR or union representatives want to explore the underlying interests or needs of employees.

Finally, legal restrictions on topics on the table during collective bargaining talks preclude discussions of what Tobias refers to as the real work problems (such as interemployee relations, employee malingering, management incompetence or inefficiency, procedural inconsistencies, or the examples noted at the beginning of this chapter). The flaw is that most workplace conflicts, as noted in assumptions 3 and 4 and in earlier examples, do not appear on the radar screen that delimits union negotiation. To address a need, during the 1990s, certain federal workplaces, including the National Institutes of Health (NIH), created conflict resolution programs capable of reaching into the workplace. According to the NIH Web site (<http://www4.od.nih.gov/ccr/ombud.html>), "The NIH Office of the Ombudsman, Center for Cooperative Resolution (CCR) provides the NIH community with confidential and informal assistance in resolving work-related conflicts or concerns. The Office is impartial, neutral and independent and serves as an advocate for fairness. The Ombudsman and CCR staff work with you to find non-adversarial approaches to resolving conflicts. We listen to concerns, clarify procedures, explore options to facilitate problem resolution, and when requested, act as intermediaries. We use conflict resolution methods such as mediation, conciliation, facilitation, peer panels and shuttle diplomacy to help you resolve issues."<sup>6</sup> Two other resources, originated to provide professionals for collective bargaining negotiations, have expanded to serve union and non-union workplaces, in government and the private sector, and in more ways than collective bargaining. One is the Federal Mediation and Conciliation Service (FMCS). The mission, according to the FMCS Web site (<http://www.fmcs.gov/internet>), is to advance the nation's welfare through effective settlements, improved labor-management relations, and conflict resolution. Conflict mediation—and other conflict resolution services—are the tools and techniques used by the FMCS to promote collective bargaining, strengthen labor-management relations, and en-

hance organizational effectiveness. The American Arbitration Association (AAA) provides similar services (<http://www.adr.org>).

## **Option 2: Limited Management and Employee Interventions**

Traditional grievance systems seem to either discourage constructive conflict resolution or funnel complaints into discrimination cases. The following is not a fairy tale. It is a snapshot; some might say it's a worst-case scenario. A troubled employee seeks the assistance of someone in HR hoping to find a sounding board. A short conversation ensues, but rather than pursuing the matter in detail, HR sends the employee back to his or her manager, supervisor, or union representative with instructions to discuss the situation.<sup>7</sup> This is a common first step in a formal grievance process. Just like the HR representative, neither the manager or supervisor nor the union representative is trained just to listen and assist without prejudice (or a personal agenda). Supervisors, like HR representatives, fall back on policies and possibly the fear of a discrimination allegation. Union representatives want to uphold the role of the union as advocate for employees. The resulting superficiality of these conversations is compounded if all of the resource people believe the negative stereotypes about conflict (for example, a supervisor thinks, "I don't really want to get involved in this") and feel job pressures ("I have more important things to do. Let's get back to work"). People listen too quickly ("Just give me the facts") and make snap judgments about blame and the legitimacy of the complaint.

If no satisfactory solution emerges from these conversations (a predictable outcome), the grievance procedure requires that the employee describe the grievance in writing. In theory, this second step could help someone think through a problem. But some employees stop at this point, probably out of a sense of futility that they are complaining about something that is not discrimination or that they are being forced to pursue a discrimination claim in order to get help. If they decide to file a grievance, they are disadvantaged by not knowing or referring to specific policies or laws. Also, note that the common conflicts described in the introduction of this chapter probably don't violate policy or law.

In the small number of instances where an employee knows enough to reference law or policy specifically and correctly, red flags go up. Supervisors and HR may assume that "this guy must goof off a lot if he is reading up on policy or law" or "this guy is building a case for a lawsuit." The result is a written document that fails to reference specific information that communicates with HR or poses a threat to the organization because it is very specific. To make matters worse, the employee resents the struggle inherent in the assignment, feeling that it is either a waste of time or a source of unwanted misery. The few who go forward with a written grievance may, out of a sense of insecurity or driven by what feels like a hostile work environment, hire an attorney who specializes in employment law.<sup>8</sup> At this point, even more red flags go up. From a traditional HR

perspective, attorney involvement raises the stakes—and an institutional drawbridge—as people prepare to go forward with a discrimination claim.

Such a scenario works against the best interests of the employee as well as the smooth functioning of the organization. It also specifically disenfranchises managers who would like to solve problems with troubled and troublesome employees. Not all employees show up, do their job, do it well, and act like mature adults. Some fit the negative stereotypes portrayed earlier. But where HR and the legal department, if there is one, err on the side of the negative stereotype, managers are also discouraged from confronting problems honestly and engaging in constructive conflict resolution strategies. The frustrated employee in our scenario may now believe that his or her legal rights have somehow been violated. The manager has no leverage to listen or attempt to solve the problem for fear of adding fuel to the litigation fire. It is like parents who are afraid of disciplining a child for fear of being accused of child abuse. HR, managers, and employees need the same set of conflict resolution skills, and there must be institutional support for employing those skills.

HR offices seeking to implement conflict resolution options that set the stage for constructive problem solving should avoid traditional pitfalls. Instead, they should provide unbiased counselors who listen. The counselors should encourage people to talk about both the facts associated with the situation and the emotions and provide a conversationally safe environment that ensures confidentiality and privacy. HR should encourage employees to seek help that falls beyond the boundaries of formal grievance procedures and should train counselors in mediation and facilitation skills. With the permission of the complaining employee, counselors could offer to facilitate informal meetings where everyone involved in the conflict can talk about the problem. During informal meetings, a skilled counselor could reinforce a need for confidentiality while ameliorating personal attacks, snide remarks, lying, conversational domineering, and other unhelpful behaviors. Sufficient time should be allotted for effective problem resolution at the earliest possible moment; this might mean finding the time for more than one meeting.<sup>9</sup> The agency must create policies and an organizational culture that normalizes such meetings and develop policies that protect this process and any written documents developed during these meetings.

As a means of overcoming some of the difficulties inherent in traditional grievance systems, the state of Virginia created the Department of Employment Dispute Resolution (EDR). EDR offers mediation services to employees statewide (see <http://www.edr.state.va.us>). EDR's procedure manual lets people know that they have options. Descriptions of services in the manual include EDR's provision of mediation to employees experiencing workplace conflict over differing interests (see assumption 4), as well as the Virginia Office of Equal Employment Services, which works with employees who have experienced

discrimination. So employees of the state know they have choices in the way they define their problem and in intervention strategies.

The United States Postal Service (USPS) operates another program called REDRESS (see <http://www.usps.com/redress>). Employment conflict resolution services offered by REDRESS appear to be more limited than that of CCR at the NIH (CCR assistance is not limited to EEO conflicts). But like EDR, REDRESS simply offers mediation. The difference between REDRESS and EDR is that REDRESS works with employees who have lodged EEO complaints.<sup>10</sup> Even given its limited scope, REDRESS is an improvement over a traditional grievance system. REDRESS mediations are scheduled within two to three weeks of a complaint, employees are allowed to bring representation (either union representatives or attorneys), mediations are informal and confidential, and decisions are binding (for additional examples, see Tjosvold, 1991; Ury, Brett, and Goldberg, 1988; Bermant, 1994; Yarn, 1994).

### **Option 3: Extending Conflict Resolution Skills and Knowledge Beyond HR**

Montgomery Van Wart, in Chapter Thirteen, emphasizes the need for government employees and managers to be able to identify and analyze problems as well as being able to generate and implement solutions. It is easy to see applications that relate to the technical aspects of a government job. Yes, tax assessors should be able to spot and solve programs related to property assessments and tax values, and a court clerk should be able to solve problems related to newly computerized dockets. But in high-functioning workplaces, Van Wart's idea would spill out of technical training and into training that prepares all employees for effective human interaction and problem solving. Employees and managers need to know basic communication, conflict, and conflict resolution principles and be skilled at analyzing and reacting constructively to problematic human interactions. An extension of conflict resolution skills into the workforce also enables employees, managers, and union representatives to work constructively on problems of the type referenced earlier in this chapter. Just the existence of conflict resolution skills in a workforce gives people the courage to confront problems early and directly, thus reducing the negative effects of avoidance. A move in this direction not only expands HR's capacity to serve employees but also reduces HR's burden to some degree. Fewer complaints reach HR. Employees who seek the assistance of HR present a stronger rationale for HR's involvement over and above what employees can do for themselves. This option works only where top and middle management support and encourage it and where structural incentives guide employees in distress to use positive conflict-handling skills informally before they triangulate a manager or HR into problem solving.<sup>11</sup>

**Examples of Relevant Skills and Knowledge Areas.** Given our common attitudes about conflict and a good probability that employees, just like managers and HR staff, are not especially well equipped to work constructively with a conflict, such essentials as training, mentoring, and encouragement constitute a vital part of an expanded conflict resolution program. Van Wart's suggestions in Chapter Thirteen regarding ways of developing an employee's knowledge and skills apply here, but the substance of training in conflict resolution is unique. Good initial training in conflict resolution consists of at least twenty hours of highly participatory classroom time that covers the knowledge areas and skills good problem solvers need. The list of knowledge areas and skills presented in Exhibit 15.1 is grounded in research published in 2001, the only job analysis ever conducted on mediators who work with interpersonal conflicts (Herrman, Hollett, Gale, and Foster, 2001). It is paraphrased to fit this context.

**Ongoing Support.** Once an agency provides initial training, proactive encouragement is critical to the success of a program. You would not expect someone to be a good piano player from classroom exposure alone. The same is true of good conflict resolution skills. Common ways of extending classroom experiences include the formation of focus groups or problem-solving groups in which experts in systems design, staff, and management develop a structure and then write policies that support putting skills into practice. The necessary elements of a structure are both simple and complex: simple from the perspective that very few new institutional substructures need to be created (for example, no new staff or offices) and complex in that effective implementation assumes ongoing, visible support for managers and employees working out their problems. Training, mentoring, and even the development of written policies must be seen as a transition into a new way of interacting. Avoidance is discouraged. Constructive confrontation is encouraged, something as simple as walking into a colleague's office, saying that there is a problem, and making an appointment for a problem-solving conversation. It might also involve calling a meeting of the people affected by the conflict so that they can participate in a dialogue to solve the problem.

If the person raising the red flag feels that the problem involves significant emotions, complex issues, or issues with significant policy implications, the training and ongoing support groups provide a framework for deciding which type of conflict resolution mechanism to access next. If the new structure allows people to choose their third party within the organization (and realistically that may be very difficult), the training and support groups also help people decide what characteristics in a third party would be ideal. Finally, private space should be designated for conflict conversations, and structural inducements should encourage people to take the time to work through a conflict. Fear of losing pay or

### Exhibit 15.1. An Analysis of Mediator Knowledges and Skills.

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#### *Knowledge Areas*

*Administrative practices and procedures* encompass knowledge of administrative structures in your workplace that are designed to work with conflict, including

- The basic purpose of HR and how HR or other structures like a union might work with conflict
- If and what documents you need to create for yourself, HR, and union representatives
- How documents are used if a complaint moves to HR or to a union
- How the absence of documents affects people at the next step
- Additional sources of help, such as an employee assistance program

*Personal skills and limitations* refer to such types of personal awareness as

- What it means to be open, nonjudgmental, self-assured, and respectful to oneself and others
- Understanding the role of authority
- Any personal sensitivities that might affect your ability to talk about a problem (“hot buttons,” tolerance or patience, the desire to manage the outcome of a conflict or the process of problem solving, the need to give advice, defensiveness, the need to be right)
- How your cultural background, including age and gender, might influence your problem-solving skills

*Negotiation models* include

- Principles of win-win negotiation
- Changing a negotiation atmosphere from competitive to cooperative
- Changing positions to interests
- Identifying where your interests and goals are similar to those of people with whom you are negotiating
- Dealing with moderate expressions of emotion and anger
- Understanding how negotiation relates to other collaborative processes
- Knowing when to ask for help (for example, when a conflict involves highly emotional situations)
- Recognizing negotiation preferences that have roots in other cultures
- Assessing your level of comfort dealing with facts and emotions



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**Exhibit 15.1. An Analysis of Mediator Knowledges and Skills, Cont'd.**

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*Mediation process* includes

- Mediator and comediator roles
- How mediations are conducted for your agency
- How physical environments and settings affect mediations
- Relevant program procedures and forms
- When and how to ask for representation

*Problem-solving techniques* consist of knowing how to

- Manage creative problem solving
- Identify issues
- Generate ideas and options
- Consider potential solutions
- Select jointly supported solutions

*Conflict* includes

- The roots, sources, and types of conflict (for example, realistic and unrealistic conflict)
- Cycles of conflict (naming, blaming, violence, fear)
- Styles of conflict (passive to aggressive)

*Communication* includes

- Knowledge of various techniques of verbal and nonverbal communication
- Understanding of strong feelings
- Questioning
- Focusing on needs and interests
- Recognizing barriers to negotiation

*Information gathering* includes

- Knowledge about when and how to elicit information from people you are working with, such as: facts related to the problem, substantive issues, beliefs, and emotions associated with the conflict

*Solution and agreement formation* includes

- Knowledge about how to formulate and memorialize an agreement



### Exhibit 15.1. An Analysis of Mediator Knowledges and Skills, Cont'd.

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*Cultural issues* relate to

- The cultural and subcultural communities represented in your workplace
- Diverse practices both between and within cultural groups
- How diverse cultures might react to problem solving

*Power and control* include

- Knowledge about the sources of power (including age, race, education, personal resources, sex, sexual orientation, physical appearance, physical abilities, and professional status) and uses of power

*Skills*

*Administrative skills* relate to

- Any step that creates a safe, pleasant, and productive problem-solving process

*Error correction* involves

- Acknowledging misunderstandings or misdirection on your part during problem solving (for example, handing apologies, reaffirming and committing to constructive problem solving, and being willing to begin again)

*Negotiation process management* covers

- Facilitation of problem solving by: preparing for good problem solving and following problem-solving steps

*Relationship management and encouragement* involve

- Managing the relationship between you and the other person involved in the conflict

*Critical thinking* covers

- Conscious and intuitive reasoning
- Remembering
- Making rational decisions
- Selecting a variety of interactions that promote clarity, creativity, and collaborative problem solving

*Communication* refers to skill in using appropriate communication styles like

- Adjusting styles to meet the needs of other negotiators—especially if they exhibit different capacities to communicate

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### Exhibit 15.1. An Analysis of Mediator Knowledges and Skills, Cont'd.

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- Encouraging while structuring the flow of communication (actively listening, asking questions that help people achieve their goals, focusing on interests, reframing, redirecting and refocusing, using humor, confirming what others understand, and using nonverbal communication)

*Cultural competency skills* consist of assessing and developing

- Appropriate moves that relate to each individual's cultural framework and unique perceptions, behavior, communication, processing of ideas and information, views of and responses to conflict, views of and responses to different mediator orientations, and views of and responses to methods and practices of conflict resolution

*Power and control* include

- Being sensitive to and assessing various manifestations of your power and that of the other negotiator
- 

respect as well as fear of retaliation can be addressed in policy and affirmed during performance appraisals that this is valid, productive, job-related work.

## Option 4: Developing a Comprehensive Conflict Resolution System

A comprehensive conflict resolution (CR) system requires more organizational resources than the other options. A system encompasses all three of the options described while also opening the entire organization up to more effective problem solving. By creating a CR system, the organization sends signals to everyone from top management to the lowest staff position that positive responses are the norm. An important subtext to the message is that everyone is supported, through training, mentoring, and rewards, in his or her individual efforts to work through conflicts early and that positive options are available should an early two-person negotiation fail.

Many of the benefits of a system emerge once options 2 and 3 are in place, but the system contributes the structure that ensures longevity (the change is not seen as a fad or a bandage), legitimacy, and the flexibility to change as the needs of the organization change.

**Structural Elements.** A comprehensive CR system encompasses all the basic elements listed earlier. It can even rely on both in-house and imported mediators should a need arise. But it also requires a number of new elements.

For one thing, a CR system needs a home within the organization. Placement within the overall organizational culture is situationally determined, but the ideal location is neutral. For example, the system might work out of the chief administrator's office. A human resource or personnel office will also work, but groundwork needs to be laid so that employees will trust the HR department to handle conflict professionally and confidentially.

The home also needs a visually identifiable space. Although an ideal model calls on each employee to negotiate his or her own conflicts as close to the source as possible, there should be no shame in asking for the assistance of a facilitator, mediator, ombudsperson, or administrative panel. Fears of bias and scrutiny can be reduced considerably when hearing officers conduct business in rooms that are out of the normal flow of business. Dedicated office space also expedites scheduling and ensures privacy for holding meetings, making phone calls, writing reports, conducting and compiling periodic conflict assessments, and doing training or mentoring.

A system must be staffed by individuals dedicated to the system, not employees asked to divert time from unrelated job assignments. It takes time to set up cases (including explaining the process), reassure people when they express natural concerns (for example, whether a complainant should bring a representative to the meeting), locate an appropriate intervenor, and schedule or reschedule sessions. Record maintenance takes time. Conducting conflict assessments and compiling the data take time. Planning and conducting training, staff development, and mentoring take time. Finally, it is important that everyone staffing a CR office be trained in a range of intervention skills. The training takes time, as do the actual interventions. Minimal staffing would consist of a receptionist and a senior intervenor or system administrator. Both can handle intake. Both can provide services, although a judicious division of labor is appropriate. The number of calls or referrals in a month helps determine staffing above the minimum. Two people can work through ten cases a month, but it is questionable whether two people could handle a ten-case load and still complete training, staff development, and system monitoring tasks.

Records produced by the system (primarily assessment data and minimal case data) must be protected and maintained. If a case is conciliated, facilitated, or mediated, the residual case file contains the final written agreement (if one exists) and basic intake information. Any information pertaining to what people say during an intervention is traditionally destroyed once the parties complete their work together. Because a system is costly, accountability is an issue. It is important to be able to clearly describe the nature of the workload, how conflict affects the organization, the costs and cost savings of providing services (this is especially relevant where in-house mediators provide service gratis in a community that could encompass intervenors who would charge fees), and the amount of time invested in the various intervention strategies.

Policies must protect the system and the people using it. Policies serve to legitimate the system as they protect the integrity of the services provided. Although the organization need not develop additional layers of complex procedures, it does need to spell out minimal policies addressing issues of governance, training and qualifications for intervenors, quality assurance and evaluation measures, referral procedures, assignment of cases to neutrals, role restrictions for neutrals (for example, it needs an operating definition of confidentiality and of exceptions to confidentiality), disposal of paper trails associated with any intervention, and repeated conflict assessments.

**Costs and Benefits of Investing in a Nontraditional Model.** It may be difficult for HR managers or personnel directors to implement a really accurate cost-benefit analysis of a nontraditional CR system. How do you cost out improved morale except in reduced turnover rates and improved job performance? What is the true cost of a human resource professional's time when an employee comes back time and again with a complaint that just does not go away? What are the true costs of formal grievances, not just in personnel time but also in increased ill will on a work site? How do you balance the cost of one case that goes through full litigation to a negative judgment against ten cases that look less serious but are resolved in mediation? Many intangibles make up the long-term benefits of a CR system.

When the field of conflict resolution was young, leaders projected that CR innovations would reduce both the monetary cost of processing complaints and the time people had to wait to have their day in court. After living with the innovations for over thirty years, it is clear that those early arguments missed the mark. An organization's initial response to a newly implemented system seems to be a natural reluctance to send cases through the system, followed by a visible movement of cases that might be defined as frivolous, and then a leveling period. Even with training and with mentoring and support groups, people are reluctant to change and especially to trust that organizational disincentives are not lurking around the corner (Will my pay be docked? Will I have to work overtime? Will I be perceived as a poor employee?). Human resource officers can be instrumental in the success of the new services by not only referring cases but also assuring people that retaliation will not be tolerated. The payoff for HR offices is that they will be able to safely release at least a third of their cases, many of which are not currently covered by agency policies, and at least 80 percent will not come back. People will continue to bring their troubles to HR or personnel because those are the traditional resting grounds for complaints, but a sizable number of the complaints do not need to stay in human resources. They can be exported.

If the system gains a reputation as an effective and humane service, people will begin to ask for assistance much earlier in the cycle of a conflict. The im-

plications are twofold. There may be an initial appearance that the agency or organization has become more conflicted. Do not buy into the myth or the fear. People are simply beginning to openly express problems before they become crises. In short, this is a slow process of change toward a healthier organization. In the end, HR professionals may see fewer misplaced complaints and may be freed up to handle serious EEO and other deep-seated situations more effectively.

**Legal Concerns.** The American Bar Association and various state bar associations are concerned about the use of CR mechanisms in statutory discrimination cases, in particular the use of employer or union waiver of the right to a judicial resolution or a jury trial. The concern appears well founded in settings where employees are neither trained to determine for themselves in an informed way which CR options they would like to access nor allowed to move freely between options; the concern does not seem pertinent to the type of system or set of informal options described in this chapter. The system described here is predicated on informed choice and no waiver. Even when human resource personnel refer cases to a CR system, the choice to actually use the system clearly remains with the employee, who can opt to access one or several steps in the system. In recent years, the federal government has offered mediation services nationwide for various forms of discrimination complaints filed with the Department of Justice and the Equal Employment Opportunity Commission. Because of the seeming clout of any federal bureaucracy, a referral to mediation for a sexual harassment, racial bias, or Americans with Disabilities Act conflict may not seem at first blush to be voluntary. Even so, complainants and respondents have the option of removing themselves from mediation, and they certainly have the option of pursuing litigation in the event mediation fails. Waivers of one's litigation rights do not seem to be an issue.

## CONCLUSION

Probably the key factor in the success of the options described in this chapter is that people are trained to use constructive conflict resolution skills. They are supported in their efforts, so when an employee experiences difficulty on the job, a CR option looks like a scenic superhighway, not a blind alley. Over time, people will be able to work through problems much more effectively and closer to the origin of the conflict. The upshot is that employees from the bottom to the top of the organization will develop a greater sense of personal efficacy that translates into better morale, better employee relations, a more creative work atmosphere, and perhaps a more effective agency. Benefits spill over into improved public perceptions if the public also experiences the expertise of good conflict-handling skills. Although public complaints may not always end as the

public desires, the simple acts of being heard with respect, receiving a reasoned response, and receiving assistance when self-help is insufficient could reduce public cynicism and increase public confidence that public needs are being served.

The examples cited in the first paragraph of this chapter are slight alterations of real fights. What happened? The two office assistants asked the manager to lock the door between the two work spaces. The door was locked. People cooled off. Attitudes changed. Work patterns improved. And two valuable employees were brought back into the fold. In the second example, the female employee was very clear that she wanted work handed to her at arm's length. After the light went on, the male employee agreed. Orders for new work were placed into an in-box with typed instructions (messy handwriting had been a problem in the past) and a suggested deadline or level of priority. The male employee stopped the Monday morning recitations in front of the female employee and saved them for male colleagues after work. The result was a less tense work environment and a new work routine that benefited all of the employees, since people now had an easy way of asking that top-priority work be completed first. During the mediation, the lab technician and supervisor talked about which chemicals needed to be ordered ahead and which did not. They created a joint list and agreed to meet every six months to review the list as well as how things were going. Not only were both satisfied, but the performance appraisals went up. The agency and young man were spared being involved in a discrimination claim. Finally, in the last example, both the people and the agency were spared a discrimination claim. The employee and manager agreed to meet together and with others in the office at regular intervals to review changes in policy. During these meetings, written versions of policies were distributed, and questions were answered. Although all of these examples were resolved in mediation, in an organization that supported constructive conflict resolution, the people could have resolved the problems themselves. Regardless of whether the people resolved the disputes themselves or with the help of a mediator, HR was not burdened with the need to intervene.

## Notes

1. The term *employee* is used inclusively to refer to people working in classified, unclassified, staff, faculty, and management positions. Inclusivity should be assumed except where more specific labels are used.
2. Hesitancy may be a normal reaction to seeking help. Most people don't want to admit a personal inability to solve a problem. It might also reflect a negative reaction to HR based on stereotypes of the way HR programs have dealt with problems in the past. The reality is that it does not matter why hesitancy and skepticism exists. It simply does exist in some—perhaps too many—workplaces.

3. For examples of this point of view, look at one of the numerous Web sites devoted to employment conflict resolution resources. These include the sites of the CPR Institute for Conflict Resolution (<http://www.cpradr.org>) and the Northwestern University School of Law (<http://www.law1.northwestern.edu/context/employment/Employment>). The state of Georgia, Office of the Governor's "Policy: Employee Grievance Procedure (Unclassified Service)" provides an excellent example of how frames of reference and access to help are narrowed by policy. "A grievance means a claim by an eligible employee that the employee's personal employment has been affected by unfavorable employment decisions or conditions due to unfair treatment." This same policy limits grievances to specific issues, including allegations of discrimination, sexual or other forms of harassment, and retaliation. What if an employee is simply having trouble with someone in the same office, as in the four examples given earlier? The Georgia Merit System, under "Rules of the State Personnel Board," offers mediation services to system employees. Paragraph 29.205 defines *conflict* as "any disagreement arising in the workplace between \_employees, peers, coworkers, supervisors, or managers which interferes with a productive and harmonious working environment or working relationship." Both options—a formal grievance system and mediation—are needed in any government workplace.
4. It is not very precise to say that someone "lacks listening skills." Perhaps a better way of conveying my intended meaning is to think, What is a person *not* doing when doing a good job of listening?
5. This assumption comes from Deutsch, 1973. Janis and Mann (1977) point out that conflicted decisions are typically experienced as unpleasant and distressing, with the degree of distress being a function of how much a person wants to hold on to his or her current position.
6. The NIH uses a number of good conflict resolution strategies. The following is a more comprehensive list of possibilities, with common definitions:
  - *Facilitated group dialogue* is a natural extension of two-person negotiation, the difference being that the group of problem solvers can be larger. An impartial leader assists by structuring and facilitating dialogue.
  - *Conciliation* is similar to traditional grievance procedures in that the people involved are not brought together face-to-face. A conciliator, who could be someone formally tapped by the organization or a manager or a coworker acting in the role of conciliator, speaks off the record to everyone involved in the dispute to see where commonalities exist and where trade-offs might facilitate a needed change. If common ground is identified, the conciliator may make offers and finalize an agreement. The role functions a little bit like that of an old-fashioned matchmaker.
  - *Fact-finding* or *investigation* is essentially an ombudsperson's function. It borders on a traditional grievance process but goes much further. An ombudsperson is usually accorded considerable institutional power, over and above that of a typical supervisor, to investigate a complaint. The ombudsperson receives a complaint, talks separately to all the people involved (similar to a conciliator),

gathers pertinent information about past practices and current policies, and then presents findings and perhaps recommendations to both the complainant and people within the organization who can make things happen.

- *In-house mediation* involves one or several agency staff members who have been trained to provide mediation services within the agency. Mediation brings in a third party, someone with no vested interest in the dispute or any particular outcome, who does not render decisions. In comparison to an ombuds-person or a conciliator, a mediator assists the people directly involved in the dispute talk about the problem, explores individual and common agendas, develops options, and creates a plan for implementing preferred options. If in-house mediation is to be successful, everyone in the organization must have some idea of the types of conflicts suitable for mediation and institutional encouragement to seek the service of a mediator. (More detail will be provided in our discussion of option 4.)
  - *External mediation* is similar to in-house mediation in that organizational employees are encouraged to bring their disputes to a mediator. But with this option, an organization imports mediators from other government agencies or from the nonprofit or private sector to mediate cases arising within the agency.
  - *Shuttle diplomacy* is a slightly more formal, structured version of conciliation that extends into formal mediation. It is appropriate when any of the protagonists or the mediator decides there is too much anger for the people to sit in the same room. Negotiations are facilitated in private meetings with the mediator, who shuttles back and forth between the parties.
7. Even without a full-blown conflict resolution program, HR staff could be trained and empowered to act on constructive conflict resolution skills. *Active listening* skills are essential: HR staff must be trained to listen so that employees have an opportunity to talk about their problem. Active listening involves minimal interaction. HR staff are not expected to act; they are expected only to listen. Active listening is quiet behavior. But it involves asking simple, appropriate questions that stimulate the distressed person's thinking. What emotions are at play? What hot buttons are going off? What are the sources of the tensions? Questions might also review factual events. The goal is for the distressed person to achieve greater clarity and reduced anxiety that naturally follows clearer thinking and the sensation of being heard (see Deutsch, 1973).

Good listeners are not expected to validate a complaint. In other words, HR staffers would not say things like "You are right to be angry about that" or to initiate an investigation or even to attempt to solve the problem. Quite the opposite. It is hard to convey in writing how crucial just listening is in effective conflict resolution. It seems so simple, yet few of us have been taught to listen without offering advice, moralizing, or taking sides.

An employee who has achieved clarity about the problem often initiates appropriate *self-help*. Clarity contributes to a greater sense of efficacy so that the distressed person is propelled into action rather than apathy or passive-aggressive responses.



8. From an employee's perspective, hiring an attorney is difficult. Locating and hiring a competent employment attorney is not easy. Contrary to popular myths, they don't stand on street corners soliciting business. Because the financial stakes are relatively low (there are caps on some awards) and the work is both deadline-driven and tedious, this is a small specialty in most legal communities. Employees in rural communities and some cities may need to travel to locate attorneys who practice in this area. Interviewing takes time but is indispensable. Some employment attorneys, aware of the financial and emotional resources complainants need to pursue a discrimination claim, the risks involved, and the years it normally takes to move through the system, actually discourage involvement. So deciding to hire the "right" attorney is often a subjective and imprecise choice. Finally, retaining an attorney may require paying a retainer in advance. If, after working with the client, the issues, and documentation, the attorney feels that the case lacks clear legal grounds, he or she may decline to go further. If the attorney assesses the case to be solid, he or she may offer the client a contingency contract, and once signed, the client is financially committed to pursuing the case to its natural end, whatever that might be. Chapter Seventeen describes numerous legal grounds for various types of discrimination claims. But the existence of a number of legal definitions of discrimination does not imply an easy or successful path. Even with new laws that open up discrimination claims to indirect forms of proof, legally proving discrimination is difficult. Add the legal difficulty of proof to the emotional duress of pressing a case while working with the people you are suing in a litigation process that moves at the speed of a glacier, and you can understand why relatively few people press discrimination claims.
9. Organizational bias is expressed in numerous ways that discourage complainants: for example, an agency that requires a complainant to take vacation leave during depositions pertaining to an EEOC complaint but does not require organizational deponents to take vacation leave.
10. In the REDRESS program, there is some evidence that employees prefer their mediators to be contract providers rather than employees of the USPS (Bingham, Chesmore, Moon, and Napoli, 2000).
11. *Triangulation* refers to what happens when two people in conflict don't talk to each other but talk to friends or other outside parties who are safe (Smith, 1989). In a work situation, this might mean that an employee talks to a supervisor before talking to the other employee. Triangulation is fine as a means of rehearsing what you might say to someone who has ticked you off. But if it is used to avoid direct confrontation, triangulation (in a work setting, it is often called a "grapevine") can be destructive.

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# Employee Unions and the Human Resource Management Function

Robert M. Tobias

Human resource managers and public sector unions are often regarded, by each other, as enemies. However, their relationship is actually symbiotic and mutually reinforcing.

Whether at the local, state, or federal level, human resource (HR) managers are often assigned the function by public sector business managers of keeping the unions out of policymaking, planning, budgeting, and program design and implementation. As a result, HR managers have become a perfect foil for unions representing all that is oppressive and demeaning about labor-management relations. They are a perfect rallying point for employee unions. And the actions of each—HR managers and union leaders—have the effect of marginalizing the other.

During the 1990s, there was a great deal of experimentation to create less adversarial labor management relationships in order to maximize productivity, efficiency, and employee satisfaction. Success was mixed; often the new relationships were dependent on the personalities of the participants rather than a clearly articulated and accepted business case, and thus the less adversarial relationships rarely became institutionalized as part of the organizational culture.

The public sector currently faces significant budget shortfalls, pressure to downsize and outsource, and calls for more efficiency and effectiveness. It is unclear whether these apparently incompatible goals can be harmonized in a strategic labor management relationship that meets the need of HR professionals to become strategic partners with government business managers and of

union leaders and members to be active participants in the decisions that affect them. Will HR professionals and union leaders become players in the strategic decision-making process or continue on the margin of agency decision making?

## HISTORICAL LABOR-MANAGEMENT PARADIGM

### Management Structure

Contrary to public perception, the public sector, and particularly the federal government, adopts and incorporates many private sector management philosophies. Legislative oversight committees, managers who are trying to do good work, and private sector consultants hawking the latest “silver bullet” and promising to fix all and solve all combine to keep private sector managerial philosophies a constant source of public sector debate, experimentation, and implementation. Notwithstanding these efforts, the federal sector managerial structure has for the most part remained unchanged.

In the 1930s, when the federal government was rapidly expanding in response to public needs during the Great Depression, the prevailing private sector management philosophy reflected Frederick Taylor’s scientific management and Theory X. Taylor’s hierarchical command-and-control structure was used in the private sector to manage an unskilled workforce performing repetitive tasks. This philosophy also assumed that employees did not want to work and would not work unless constantly watched. Multilayered managerial structures were created to gather information from each lower level; in short, each level was created to watch the next lower level. The people at the top made decisions to be implemented by those at the bottom, with everybody in between reporting and watching.

Notwithstanding the differences in education between, say, Henry Ford’s assembly-line worker and an employee in the National Labor Relations Board or the Department of Labor or the difference between a routine task involved in making steel and the more complex job of determining whether violation of a particular labor law has occurred, the presumptive validity of private sector management methods led to much initial acceptance and incorporation of this philosophy into the federal management structure. The philosophy took deep root because political appointees have traditionally been more concerned with the *creation* of public policy than with its *implementation*. Political appointees serving an average of less than two years in office are not interested in managing. They want to make their historical mark in terms of legislation enacted or regulations issued. As a substitute for taking the time to manage effectively, political appointees have hidden behind the illusion of the hierarchical management structure to assume that orders given are orders followed.

## HR Functions Separated from Mission Accomplishment

Starting in 1883, Congress enacted a number of statutes seeking to separate the hiring, evaluation, promotion, and discharge of civil servants in the federal government from the political process. Congress sought to eliminate patronage and to create a civil service based on merit administered by a centralized personnel authority. States quickly followed its lead.

Initially, the federal Civil Service Commission, and now the Office of Personnel Management (OPM), implemented personnel laws by issuing governmentwide regulations that were binding on all federal executive agencies. This centralized personnel authority administered a centralized personnel program for every federal civilian nonpostal employee. As a result, political appointees and agency managers with agency mission responsibility had no independent personnel authority or responsibility. The HR function became an interpreter of the laws and was disassociated from mission accomplishment.

The HR role of “high priest” interpreter of the civil service laws and regulations did not endear the HR function to political appointees or ordinary line managers. HR managers were seen as gatekeepers to get around, not colleagues to engage in problem solving. They were often scapegoats, taking the blame for inflexible rules beyond their managerial control, and were an easy target because the real target was remote and amorphous. As a result, HR was often excluded from decision making by political appointees and agency managers at the top of the hierarchical management structure.

## Restricted Bargaining Made HR Managers Technicians

The formal history of federal sector labor relations began in 1962 when President John F. Kennedy issued Executive Order 10988. Labor unions instrumental in his campaign put a great deal of pressure on the president to support a statute allowing union recognition and requiring employee bargaining in the federal sector. Labor unions correctly saw the federal workforce as ripe for organizing. Only 19,000 employees in a total federal workforce of 2.8 million employees, including postal workers, were organized by unions in 1962 (Laird, Schultz, Mayo, and Hampton, 1969, p. 31).

President Kennedy created a task force that made recommendations for a federal labor-management system, many of them mirrored the private sector system under the National Labor Relations Act of 1935 (NLRA). The task force’s recommendation on the scope of federal sector bargaining varied dramatically from that in the private sector, however.

Congress enacted the NLRA in the belief that collective bargaining was an effective tool to resolve differences. Wages, hours, and other terms and conditions of employment were made mandatorily negotiable. In contrast, the president and

high-level political appointees were afraid that the career civil service, given the same tool, might bargain away the discretion and power so coveted in a hierarchical management system. Therefore, the task force recommended, and the president adopted, a very narrow scope of bargaining that excluded a broad range of issues and problems labor unions would otherwise expect to be able to address and resolve. The order stated that the obligation to bargain “shall not be construed to extend to such areas of discretion and policy as the mission of an agency, its budget, its organization and the assignment of its personnel, or the technology of performing its work” (Executive Order 10988, sec. 6[b]). The executive order also excluded from bargaining civil service rules and regulations, and broad areas of managerial discretion:

All agreements with such employee organizations shall also be subject to the following requirements.

(1) In the administration of all matters covered by the agreement officials and employees are governed by the provisions of any existing or future laws and regulations, including policies set forth in the Federal Personnel Manual and agency regulations, which may be applicable, and the agreement shall at all times be applied subject to such laws, regulations and policies;

(2) Management officials of the agency retain the right, in accordance with applicable laws and regulations, (a) to direct employees of the agency, (b) to hire, promote, transfer, assign, and retain employees in positions within the agency, and to suspend, demote, discharge, or take other disciplinary action against employees, (c) to relieve employees from duties because of lack of work or for other legitimate reasons, (d) to maintain the efficiency of the Government operations entrusted to them, (e) to determine the methods, means and personnel by which such operations are to be conducted; and (f) to take whatever actions may be necessary to carry out the mission of the agency in situations of emergency [sec. 7].

In spite of the narrow scope of bargaining, unions began organizing the federal workforce aggressively. By January 2001, fully 57 percent of the federal workforce (approximately 80 percent of those eligible to be represented by unions) were in units of recognition (National Performance Review, 1993, p. 87).<sup>1</sup> Similarly, as of February 2003, some 42.8 percent of the state, county, and municipal workforce had been organized (Bureau of Labor Statistics, 2003).

When President Richard M. Nixon assumed the presidency, he revoked Executive Order 10988 and issued Executive Order 11491 in 1969, increasing the scope of employee inclusion by requiring agency managers to negotiate “appropriate arrangements for employees adversely affected by the impact or realignment of workforces or technological change”—even though the substantive decision was a protected management right (Laird, Schultz, Mayo, and Hampton, 1969, p. 39). Nixon’s executive order also created a centralized structure to make negotiability determinations, consider unfair labor practice complaints filed by

agencies or unions, and assist the parties in reaching agreement through mediation and final binding interest arbitration (Executive Order 11491, secs. 4–6, 16, 17). Finally, the federal labor management relations program was codified in Title VII of the Civil Service Reform Act of 1978 under President Jimmy Carter.

With unions' pent-up demand to bargain and a centralized authority to make negotiability decisions, HR managers were at that point presented with a unique opportunity to expand their sphere of influence. The skills and institutional knowledge developed by interpreting laws and the centralized personnel regulations could be used to interpret the legality of union bargaining proposals. In addition, the political appointees and high-level career civil servants—the decision makers in the hierarchical management structure—needed someone to protect the scope of their decision-making discretion from the threat the growing unions now represented. In spite of the disdain many business managers had for HR managers, they viewed the expertise of HR managers to provide a narrow construction of the personnel law and centralized personnel regulations as extremely useful when evaluating whether a union collective bargaining proposal fit within the lawful scope of bargaining.

As would be expected, when they were delegated new authority and responsibility, individuals with specialized, technical expertise wanted to perform well. And they did. Administrative and court litigation mushroomed. All potential union incursions into the protected management rights arena or its penumbra were vigorously resisted by the HR function.

Human resource managers were delegated the responsibility to communicate the views and protect the interests of higher-level managers. In doing so, however, they became technicians, performing not as agency strategic business partners but as representational advocates of the existing structure and protectors of the status quo.

### **Unions Became Fierce Adversaries**

The inherently narrow scope of bargaining defined in the executive order and subsequent legislation, coupled with the new HR manager role, made it impossible for unions to address constant employee complaints about inefficient work processes and procedures, work quality, evaluation systems, preselection for promotions, shift starts and stops, switches from one shift to another, technology for performing work, work processes and procedures, award amounts and methods of award allocation, health and safety provisions, and training quality and availability.

Human resource managers' declarations of nonnegotiability at the bargaining table were vigorously resisted by unions. Unions feared that if they accepted a management proposal that constricted the scope of bargaining, it would set a precedent that could be used by managers in a subsequent or parallel negotiation. Conversely, unions aggressively sought to use the negotiation and litigation

process to set a precedent that might minimally expand the scope of bargaining, crafting bargaining proposals that may or may not have addressed the real problem in the workplace. Their primary goal was to make the problem negotiable, to conclude a bargained agreement with the problem area generally covered, and then to arbitrate any ambiguity. Real issues were rarely addressed directly and were never finally resolved. Fierce disagreement and hostile litigation over the scope of bargaining and extensive arbitration once agreement was reached resulted from the inherent ambiguity of the exclusions from bargaining, the felt responsibility of the HR managers to interpret the exclusions as narrowly as possible, and the need for public action, if not results. For unions, fighting became the substitute for success, and for HR managers, the measure of success.

### **Labor-Management Process Marginalized HR Managers**

The task of keeping the unions at bay, although important to the decision makers, is analogous to the task of guarding a gate. The guard performing the task is the first line of defense, the first to fall in battle, and often described as a hero. But the guard is not a colleague of the general; the guard does not make recommendations on how guard training should occur or whether it should occur at all. The guard, like the HR manager, is rewarded for successfully performing an important ministerial function.

This gatekeeper role further marginalized the HR managers because they had little time or interest in addressing HR issues in a strategic manner. For example, it was already a challenge to design an employee evaluation system that would be consistent with laws and the centralized personnel regulations; distinguish poor, good, and outstanding performance; and be credible as a value-added effort to agency business managers. Throw a union into the mix and stir with fears of whether a proposal or counterproposal is negotiable, and it becomes impossible to create a promotion and evaluation system that achieves its goals.

The HR manager may achieve the goal of protecting management decision making, but the same managers who applauded the HR manager's guard role criticized the systems ultimately created. The HR manager is highly unlikely to receive accolades for substantive achievement in this system and is likely to become even more marginalized.

### **Labor-Management Process Marginalized Unions**

Unions also felt marginalized, and the only way they could create an aura of union power and empowerment was by challenging the powerful. Excluded from operational and policy decisions, unions could get their voices heard only through the adversarial process.

Thus federal unions filed lawsuits using First Amendment and due process arguments to gain rights unattainable in bargaining. Freedom of Information



Act lawsuits were filed to obtain information that would have been readily exchanged in constructive labor-management relationships. Lawsuits claiming violations of the Administrative Procedure Act of 1946 were brought to challenge substantive decisions unreachable in bargaining.

Unions also sought to expand impact and implementation bargaining. In an attempt to change substantive decisions, proposals were drafted to describe the item under consideration in the form of process. So long as a proposal was a process, it was negotiable and could not be implemented until bargaining was completed. Aggressive impact and implementation bargaining could delay the implementation of a substantive management decision, mitigate its adverse impact, or provide a potentially rich source of litigation. Grievances and charges of unfair labor practices were used as weapons to enforce rights and punish transgressors.

These union efforts generated publicity, gave unions a reputation as fighters on behalf of federal employees, encouraged additional organizing, provided a measure of credibility, and led to a union management structure comprising a small number of federal employee union members waiting to react to management actions.

The union response gave HR managers ample justification for expansion of their activities. The more grievances, unfair labor practices, and negotiation impasses were generated, the more HR managers were needed. And of course, the more egregious the posture and position of HR managers, the more justification there was for the union.

However, despite all the activity, issues were not resolved. Hostility and acrimony increased. Polarization thrived in the climate of distrust. Human resource managers were not invited into the room where program management decisions occurred. And unions were ultimately unsuccessful at mitigating employees' pain because of their inability to negotiate or even to discuss with agency program managers the root causes of the problems in the workplace. A General Accounting Office (GAO) report summarized the state of labor management relations in the federal government: "We have never had so many people and agencies spend so much time, blood, sweat, and tears on so little. In other words, I am saying I think it is an awful waste of time and money on very little results" (1991, p. 2).

### **Political Appointees Receive More Scrutiny**

The congressional authorizing, oversight, and appropriation committees (each federal agency has one of each) have an abiding interest in how federal agencies implement enacted legislation. Even though congressional review of the executive branch is fractured because of the numerous congressional committees, a common theme began to emerge in the late 1980s and early 1990s: agencies needed to plan better on both a short- and long-range basis, and agencies needed

to provide financial information to Congress, similar to that provided by corporations to stockholders.

In 1993, Congress passed the Government Performance and Results Act (GPRA), which requires agencies to prepare both five-year strategic plans and one-year operating plans to be submitted annually as part of the appropriations process. In addition, agencies must identify outcome measures of performance and report on whether the goals have been achieved. One of the important impacts of this act is to force political appointees to focus more time and energy on managing the agency. The Chief Financial Officers (CFO) Act, passed in 1990, has a corollary impact on political appointees. Historically, agency heads had sought budgets each year while proclaiming excellent results from their prior-year expenditures. It was very hard for members of Congress to keep the financial history of each agency in mind, particularly an agency engaged in a long-term financial investment. The CFO Act now requires agencies to prepare an auditable financial statement that includes a balance sheet (annual income and expenses) and a statement of assets and liabilities.

In addition, in 1993, Congress enacted legislation to reduce the government workforce by 12 percent—272,000 positions—by 1997. In 1996, one year ahead of schedule, the number of nondefense federal employees fell below 2 million, the smallest number since 1963, more than meeting that goal. Finally, Congress appropriated fewer dollars in 1996 than in 1995 and fewer dollars in 1997 than in 1996 for civilian discretionary spending. This was not a reduction in the rate of increase; it was fewer actual dollars appropriated.

During the 1990s, in effect, agency political appointees and managers became subject to more scrutiny and to objective evaluation of results and were provided with fewer resources in both personnel and dollars. Effective managing became even more important.

### **History of Labor Relations in State and Municipal Governments**

There is little commonality in the labor-management relations laws enacted in states, but a pattern of adversarial relationships was discernible.

The first state to enact a collective bargaining law covering state employees was Wisconsin in 1959. Currently, twenty-five states and the District of Columbia have comprehensive laws that provide for bargaining on wages, hours, and conditions of employment, similar to the private sector.<sup>2</sup> Sixteen states have statutes giving collective bargaining or meet-and-confer rights to a limited number of employees (such as teachers, firefighters, and police) or to a specific level of government (such as municipalities).<sup>3</sup> Nine states have no legislation extending either collective bargaining or meet-and-confer rights to any public employees.<sup>4</sup>

During the presidency of Bill Clinton, Secretary of Labor Robert Reich convened a task force composed of labor, management, elected officials, neutrals, and academics that issued a comprehensive report in 1996 on the status of

labor-management relationships in the states (Task Force on Excellence, 1996). The task force recognized the economic pressure on state governments to be more efficient, effective, and responsive to taxpayer demands and the positive role labor-management relationships can play in increasing government productivity. The task force concluded, “The challenges facing state and local government can get an important assist from the application of significant employee participation and cooperative labor management relationships. Large-scale service improvement, major cost savings, more loyal, creative and satisfied employees, and better labor management relations are the result” (p. 12).

## PRESIDENT CLINTON’S APPROACH

The National Performance Review (NPR), initiated by President Clinton in March 1993 and led by Vice President Al Gore, attempted to create high-performing federal agencies by changing the historical responsibilities of political appointees. Clinton announced that policy development was no longer to be the sole criterion of agency success in the eye of the president and that he and his cabinet secretaries were responsible for managing the executive branch of government. Each agency was directed to appoint a deputy or undersecretary as a chief operating officer (COO). These COOs had the responsibility for “transforming the agencies’ day-to-day management culture, for improving performance to achieve agencies’ goals, [and] for reengineering administrative processes” (National Performance Review, 1993, p. 89). Political appointees were directed to pay attention to resources, particularly the use of agency human resources.

The NPR also sought to flatten the hierarchical multilayered management structure “by turning the entire management system upside down—shedding the power to make decisions from the sedimentary layers of management and giving it to the people on the ground doing the work” (National Performance Review, 1993, p. 6). The NPR also recognized that empowering workers makes good business sense. “Removing a layer of oversight that adds no value to customers does more than save money: It demonstrates trust in our workers. It offers employees in dead-end or deadly dull jobs a chance to use all their abilities. It makes the federal government a better place to work—which will in turn make federal workers more productive” (p. 71).

To implement the pronouncement, the NPR directed the Office of Personnel Management to deregulate personnel policy by eliminating the ten thousand pages of centralized personnel regulations. “The directive should require that most personnel management authority be delegated to the agencies’ line managers at the lowest level practical in each agency” (National Performance Review, 1993, p. 22). In addition, the president recognized that neither delegation

of new authority nor increased productivity could be achieved in the context of adversarial labor-management relations. He issued Executive Order 12871, which set a new direction: "The involvement of Federal Government employees and their union representatives is essential to achieving the National Performance Review's government reform objectives. Only by changing the nature of federal labor-management relations so that managers, employees, and employees' elected union representatives serve as partners will it be possible to design and implement comprehensive changes necessary to reform government." Clinton set up the National Partnership Council, composed of high-level government officials and union presidents, to support "the creation of labor management partnership efforts in the executive branch."

To implement his belief that labor-management partnerships can be advantageous to the public, Clinton directed that the head of each agency "(a) create labor-management committees or councils at appropriate levels, or adapt existing councils or committees if such groups exist, to help reform government; (b) involve employees and their union representatives as full partners with management representatives to identify problems and craft solutions to better serve the agency's customers and mission . . . ; [and] (c) provide systematic training of appropriate agency employees (including line managers, first line supervisors, and union representatives who are Federal employees) in consensual methods of dispute resolution, such as alternative dispute resolution techniques and interest-based bargaining approaches" (Executive Order 12871, sec. 2).

Clinton attempted to change the labor-management dynamic by including unions as part of critical agency business decisions. He formally expanded the scope of bargaining by making the "numbers, types, and grades of employees or positions assigned to any organizational subdivision, work project, or tour of duty, or the technology, methods, and means of performing work" substantively negotiable (Executive Order 12871, sec. 2[d]). In addition, he urged that managers voluntarily include union leaders and members in discussions involving "the agency's customers and mission" when the goal was to help "reform government." Strategic, tactical, program, budget, and operating decisions were matters for the parties to discuss and attempt to decide. In short, the president envisioned the scope of what may be discussed in the context of a labor-management partnership as virtually unlimited.

What distinguished President Clinton's approach from past efforts was its recognition that labor and management each have interests that can be satisfied only with the cooperation of the other.

Agency decision makers recognized that substantial reorganizations and work process reengineering efforts were needed to respond to the external pressures to do more with less. These decision makers were being advised by HR managers that the organized employees could significantly delay implementation of needed changes by asserting the right to negotiate on the substance or, if the substance is nonnegotiable, bargaining over the impact and implementation of

the proposed changes. It was not unusual for bargaining to take one to two years, and during bargaining, implementation may not occur. Agency decision makers, newly responsible for managing agencies more effectively, could not wait two years for change to occur. They wanted to be able to make fast decisions concerning needed change and to be able to implement needed change without the traditional delays of adversarial bargaining.

Unions and union members wanted a broader, guaranteed scope of bargaining, but even more, they wanted a role in shaping the inevitable reorganizations and changes in work process and procedures. And agency decision makers wanted more productivity, while unions wanted more job satisfaction through an empowered, involved workforce.

Agency decision makers wanted better decisions, and unions wanted employee knowledge to be used and recognized.

The symmetry of these interests created an opportunity to transform the historical federal labor-management relationship. Neither party could advance at the expense of the other, but both could advance together. Nevertheless, translating intellectual and conceptual agreement into changed behavior in the workplace required a significant change in the role historically played by managers, HR officials, union officials, and bargaining unit employees.

Unions and HR managers were confronting a new day with new expectations and with the possibility of significantly changed relationships.

## **RESULTS OF PRESIDENT CLINTON'S EFFORTS**

Certain changes in federal sector labor-management relationships resulted in measurable improvements in agency effectiveness and efficiency. However, the impact of the effort was limited because President Clinton failed to initiate a governmentwide campaign to improve agency performance that would be supported by the Office of Management and Budget, the Office of Personnel Management, and the HR community. Without a comprehensive, sustained, highly publicized governmentwide initiative to improve performance, there was less will to do the hard work of improving labor-management relationships. The predictable resistance to any organizational change among union leaders and many managers and the effort to move from adversarial to collaborative labor-management relationships limited the improvement in agency results.

### **Many Managers and Union Leaders Accepted Responsibility for Changing Their Roles**

The mandate in the Executive Order 12871 to create labor-management partnerships provided a needed rationale for some managers and union leaders to change. Each recognized the need to change, but changing their leadership orientation and organizational structure in isolation is extremely difficult for agency

managers or union officials. Although it is true that each person must change individually, managers and union officials developed a momentum in the context of change in relation to each other. Some union leaders developed the courage to change individually when viewing a management leader who was inclusive and who shared information, or a management leader might become willing to change individually when a union leader was willing to agree that improving agency efficiency and effectiveness was an important joint goal.

Many managers accepted the responsibility of creating and implementing changed work processes and procedures to increase productivity, work product quality, and taxpayer satisfaction. They were willing to give up the command-and-control management style based on the hierarchical management structure in favor of leadership based on ideas, data, and decisions that reflect interests rather than power and position. And they were willing to open the door by sharing data, engaging in predecision discussion, and struggling to reach consensus decisions—not only between labor and management but also among managers.

Union officials also adopted the new leadership responsibility of attempting to improve employee satisfaction by assisting in the solution of agency productivity efforts. Rather than focusing on what their constituents lacked in an attempt to redress past injustices, union leaders engaged their members and worked with managers to identify what was needed in the future for employees to contribute to agency success.

### **The Theory Was Correct and the Results Measurable**

The theory that changed labor management relationships could yield good business results was proven. Evaluations reveal the value of including unions and their members in an attempt to improve agency performance.

**Federal Results.** The General Accounting Office, the National Partnership Council, and an independent accounting firm confirmed the value of improved labor-management relations on agency productivity. The GAO studied management efforts to involve employees in partnerships at the Federal Aviation Administration, the Federal Emergency Management Agency, the Internal Revenue Service, the Office of Personnel Management, and the Veterans Benefits Administration. The GAO concluded, “Effective changes can only be made through the cooperation of leaders, union representatives, and employees throughout the organization” (2001, p. 6).

The National Partnership Council issued annual reports describing the results of partnership activities. The council’s 1995 report included the results of a survey it commissioned of agency partnership councils. The report concluded that many of the partnership councils had progressed beyond dealing with the traditional labor-management issues of the physical work environment, involving health and safety, and were dealing with agency reorganizations (53 percent),

training and development (48 percent), customer service and productivity (45 percent), reengineering and redesign (37 percent), strategic planning (36 percent), and budget and staffing (36 percent) (p. 12). The survey respondents also reported that increased union participation reduced arbitration expenses and generated other savings through increased efficiency (p. C-14). Similar results were reported in the 1996 and 1997 NPC reports. The most ambitious attempt to provide a cost-benefit analysis of a labor-management partnership council occurred in 1998 when the U.S. Customs Service commissioned a study of its relationship with the National Treasury Employees Union by Booz-Allen & Hamilton, covering the period from 1994 to 1998. Booz-Allen found that for every dollar Customs invested in the labor-management partnership, it received \$1.25 in benefits (pp. 7–8, 10). The Booz-Allen study also found that before the initiation of the partnership effort, implementation negotiations were “costly and often delayed change from being implemented” (p. 17), but because of the labor-management partnership, “the time and resources required during the implementation phase are lower because of the initial collaboration” (p. 18).

**State Results.** The state and municipal results of creating collaborative labor-management relationships mirror the federal results. The most comprehensive compilation of the state and municipal experience is contained in a report on labor-management cooperation in state and local government, which identified numerous examples of cost savings and cost avoidance due to changed labor-management relationships. (Task Force on Excellence, 1996).

For example, the report identified among the salubrious results better school performance; more school safety and discipline; more police and fire services; workers redeployed to underserved programs; improved response to emergencies; agreed shift changes to improve service; faster processing of cases, permits, and licenses; and reduction in regulatory burden (Task Force on Excellence, 1996, p. 13). Cost savings were also identified: service improvements made within resource constraints, productivity increases, decreases in time-loss expense, decreases in absenteeism and overtime, more productive equipment purchases, and increased use of technology (p. 14).

Another widely reported success story occurred in the city of Indianapolis, where Mayor Stephen Goldsmith made a strategic decision to create a cooperative labor-management relationship to fulfill his campaign pledge of improving the delivery of government services without increasing taxes. He included union leaders in redefining the city’s mission and vision, invested city managers with the authority and responsibility to solve problems before they became grievances, invested in training and equipment, listened to worker suggestions concerning how to improve productivity, and conducted regular meetings with union leaders to discuss the difficult problems facing the city (Goldsmith, 2003).



Mayor Goldsmith's strategic decision allowed him to create a competitive sourcing program that was acceptable to union leaders: "Surprisingly, it became apparent that most of the city's unions, if engaged correctly, would help provide the necessary service levels. The ever-present risk of outsourcing provided motivation, of course, but conversion to a managed-competition model brought out the best in union initiative and forced the managers to pay attention" (Goldsmith, 2003, pp. 122–123).

The results of the initiative are impressive: from 1992 to 1998, the city went from a deficit to a \$102 million surplus; property taxes were reduced four times; no union employee was laid off; there was a 90 percent decrease in the number of union grievances and an 80 percent decrease in accident rates and lost days due to injuries; pay and benefits increased; customer satisfaction increased; and the unions won two-thirds of the projects they chose to bid on (Goldsmith, 2003, p. 123).

### **Without a Performance Imperative, Changed Relationships Depend on Personalities**

Although it is true that changed labor-management relationships are critical to creating high-performing agencies, without pressure to increase performance over an extended period of time, unions and managers are not forced to initiate a change or to permanently alter their relationships. Because President Clinton failed to create a governmentwide strategy for establishing, measuring, and evaluating agency performance, agencies that experienced improved productivity from changed labor-management relationships were dependent on the personalities of the union and management leaders rather than an institutionalized cultural change.

The traditional support for presidential initiatives is the Office of Management and Budget, which annually reviews agency efficiency and effectiveness in conjunction with creating the executive branch annual budget. The OMB can be a very effective club for enforcing presidential change efforts. However, because President Clinton delegated the responsibility of the improved performance initiative to Vice President Gore, the vice president developed a staff separate from the OMB to implement the initiative. Without the OMB's information and enforcement, the vice president was unable to develop agency performance goals, effectively measure progress, or insist on improvement. He was reduced to jawboning individual agency and union leaders.

The president could also have looked to the OPM to help enforce the initiative; however, he was in the process of downsizing the agency and discrediting its role as a centralized personnel authority. Finally, the president had the option of looking to the HR community. But agency managers saw no need or reason to rely on the marginalized HR managers, and union leaders sought aggressively to exclude them. Based on their previous experience, union lead-



ers did not trust the HR professionals. They wanted to deal directly with the agency decision makers, not go through the traditional enemy. As a result, the creation of high-performing agencies, as a governmentwide goal, became unenforceable.

Without a performance imperative, many career managers legitimately wondered whether the partnership initiative was just another management fad that would disappear with a new political appointee or a new administration. Many managers liked the command-and-control decision-making process. They had grown up in the system, felt comfortable with it, and did not want it to change. They had little understanding, no incentive, and even less skill for reaching decisions using collaborative efforts among managers—let alone among managers and union officials seated at the same table.

At the same time, union officials found that forming partnerships was politically risky. The old adversarial labor-management relationship fostered a service or benefit rationale for joining a union. The union's job in that case was to "protect" the union member from management, and for that service, many employees were willing to join and pay dues. With labor-management partnerships, many union leaders became less adversarial, but broad-scale employee and union participation and employee empowerment often lagged behind a union leader's changed behavior. As a result, employees felt less inclined to join the union for protection or to participate in change efforts that had not reached them.

There was also a strong contingent of union officials who were philosophically opposed to "getting in bed with management." They felt that only arm's-length, adversarial dealing was appropriate because "managers and management can never be trusted."

Without a consistent focus on improving agency performance driven by President Clinton, a governmentwide rationale for the pain of change disappeared. And with its disappearance, the mutual interests of improved agency productivity for managers and higher employee satisfaction through increased participation also vanished. What was left was individual agency and union leaders who persuaded one another of the positive impact of collaborative relationships.

## PRESIDENT BUSH'S APPROACH

In contrast to President Clinton, President George W. Bush published a management agenda with the goal of improving agency performance and vested the OMB and the OPM with management of the effort. Unlike Clinton, however, Bush has not seen the need to work with federal employees through their unions to improve agency efficiency and effectiveness. Instead, he has worked through both regulation and legislation to limit the role of unions and employees in improving business processes and procedures.

### Bush's Management Agenda

In August 2001, President Bush issued his "Management Agenda to Reform Government" (Bush, 2001, p. 3). To have the government become more "results-oriented," the president set five governmentwide goals: (1) improving the strategic management of human capital, (2) increasing the number of jobs in the federal government subject to competition with the private sector, (3) improving agency financial performance to decrease erroneous payments, (4) expanding electronic government, and (5) integrating performance review of agency results with budget requests. To enforce the agenda, the president created a scorecard to define the core criteria for each of the five goals and rate the results (Bush, 2002). The OPM was made responsible for evaluating agency efforts to effectively manage human capital. The OMB was put in charge of evaluating strategic management, outsourcing, improving financial performance, and expanding electronic government and was directed to include the ratings as part of the president's budget request to Congress (Daniels, 2001). In addition to the highly publicized scorecard, Bush has stated that he will base decisions regarding a minimum of 20 percent of the total federal budget on an evaluation of agency performance (Daniels, 2002).

President Bush's management agenda and coupling the measure of agency efficiency with the institutional muscle of the OMB and the OPM created the necessary coordinated effort to improve efficiency and effectiveness that President Clinton had failed to establish. President Bush, however, failed to obtain universal acceptance for his management agenda. The outsourcing goal received the most widespread criticism. The initial OMB goal was for agencies to compete for 425,000 federal jobs, or one-half of the federal jobs classified as commercial, with the private sector, by fiscal year 2004. The arbitrary goal was abandoned in favor of each agency negotiating the number of job competitions it would conduct with the OMB.

Unions opposed the initiative because they believed that the regulations governing the process for conducting public versus private competition are skewed in favor of the private sector competitors (Office of Management and Budget, 2003). After listening to union complaints and administration responses, Congress in 2002 created the Commercial Activities Panel, chaired by the comptroller general, to provide a report and recommendations to Congress concerning the competitive process. The final report criticized the administration for creating "arbitrary goals" for outsourcing because "the success of government programs should be measured by the results achieved in terms of providing value to the taxpayer, not the size of the in-house or contractor workforce" (Commercial Activities Panel, 2002, p. 8). In addition, the 108th Congress considered specific language barring the administration from conducting

competitions for certain employees (including air traffic controllers and forest service employees).

The dispute over outsourcing creates a misalignment among the key stakeholders necessary to maximize agency efficiency and effectiveness. Significant agency change efforts need the united support of all of the key stakeholders—members of Congress, the OMB, the OPM, agency political appointees, career executives, union leaders, and employees. The initiative to conduct outsourcing competitions divides the stakeholders, who need a common approach to achieving improved agency performance. The parties are fighting over *whether* to conduct the outsourcing initiative when instead they should be addressing *how to implement* change initiatives.

### President Bush's Regulatory and Legislative Response

Rather than build on the successful collaborative labor-management relationships that demonstrably improved agency productivity, President Bush rescinded Executive Order 12871 and replaced it with Executive Order 13203 on February 17, 2001. The new order abolished the National Partnership Council and directed all heads of agencies to “promptly move to rescind any orders, rules, regulations, guidelines or policies implementing or enforcing Executive Order 12871.” The new order eliminated the organizational structure and institutional support for labor-management partnerships and formal employee influence.

After some confusion about whether the executive order prohibits labor-management partnerships and a considerable lapse of time, Kay Coles James, director of the OPM, issued a memorandum on June 21, 2002, that attempted to mitigate the impact of Executive Order 13203: “When the President signed Executive Order 13203, there was speculation that it meant the end of labor-management cooperation and communication in the Federal Government. I think that is wrong. The President was motivated by his conviction that partnership is not something that should be mandated for every agency in every situation. But while agencies are no longer required to form partnerships with their unions, they are strongly encouraged to establish cooperative labor-management relations” (James, 2002b). Without a clear message directly from the president, however, Director James's memorandum failed to provide political appointees, career managers, and union leaders with sufficient incentives to do the hard work and take the risks necessary to create new collaborative labor-management relationships.

Subsequent presidential actions have further undermined Director James's memorandum. After the September 11, 2001, attacks on the United States, the president fought for and won the right to bar the fifty thousand employees of the newly created Transportation Security Administration (TSA) from union representation except with affirmative permission from the secretary of transportation—which has not been granted (*Aviation and Transportation Security Act*, 2002).

Similarly, the president successfully fought for new legislation that gives the secretary of homeland security and the secretary of defense the right, for example, to issue regulations further narrowing the scope of bargaining, to establish internal tribunals to hear and decide whether the agency properly declared a proposal nonnegotiable, to determine the appropriate unit for recognition and the circumstances when impact and implementation bargaining will occur, and to shorten the period for bargaining (*Homeland Security Act, 2002; National Defense Authorization Act, 2003*). The legislation allows the secretaries to narrow the mandatory scope of discussions with union leaders and members. It also removes the leverage union leaders have traditionally used to guarantee inclusion of employees in designing agency change efforts and in mitigating the adverse impact of agency change efforts.

It will be difficult, if not impossible, for the president to simultaneously narrow employee influence and create high-performing agencies. No researcher has ever found evidence of successful efforts to improve organizational efficiency that did not include granting employees significant influence over their efforts. Union officials likewise cannot satisfy the desires of their knowledge worker members without gaining influence for the employees in the workplace.

Instead of building on the acknowledged success of the Clinton legacy and addressing its glaring deficiency, President Bush addressed the deficiency and created significant new deficiencies of his own.

### Congressional Response

At the same time, Congress was also active in attempting to create high-performing agencies. As part of the *Homeland Security Act*, Congress mandated the creation of “chief human capital officers” in agencies and gave them very broad strategic responsibilities:

- (a) The functions of each Chief Human Capital Officer shall include—
  - (1) setting the workforce development strategy of the agency;
  - (2) assessing workforce characteristics and future needs based on the agency’s mission and strategic plan;
  - (3) aligning the agency’s human resources policies and programs with organization mission, strategic goals, and performance outcomes;
  - (4) developing and advocating a culture of continuous learning to attract and retain employees with superior abilities;
  - (5) identifying best practices and benchmarking studies, and
  - (6) applying methods for measuring intellectual capital and identifying links of that capital to organizational performance and growth [sec. 1402(a)].

It is clear that Congress recognizes the need to elevate the role and responsibility for the development of human capital.

## PROSPECTS FOR THE FUTURE

### Human Resource Professionals

At this juncture, HR professionals have an unprecedented opportunity to move from a seat behind the table, observing the players, to a seat at the table, where the most important agency strategic decisions are made.

For example, HR professionals will be needed to design personnel systems for the nine hundred thousand Department of Homeland Security (DHS) and civilian Department of Defense (DoD) employees. In addition, they will be needed to design new custom personnel systems consistent with agency strategic goals and objectives demanded by agencies outside the DHS and the DoD. Finally, more than half of the current federal workforce will become eligible to retire by 2009. The confluence of these events offers boundless opportunities for HR professionals to add value. Assisting agency leaders to strategically identify future agency HR needs, create new leadership development programs, recruit and train new employees, and retrain existing employees are important strategic priorities for creating high-performing agencies.

Human resource professionals, however, may make the same mistake that union leaders made during the Clinton administration: they may seek to exclude their traditional adversaries—union leaders and employees—from the redesign of new personnel systems and the new business processes and procedures necessary to create the high-performing agencies all desire. That would be a serious mistake.

The federal workforce has changed dramatically over the past half-century, from 70 percent clerical to 70 percent knowledge workers (James, 2002a, p. 5). Knowledge workers expect to solve problems. And knowledge workers attracted to the federal government expect to use their skills to help their agencies better serve the public. Peter Drucker recently commented, “In a traditional workforce, the worker serves the system; in a knowledge workforce, the system must serve the worker” (2002, p. 76).

To measure federal worker satisfaction in the current work system, the Partnership for Public Service and American University’s Institute for the Study of Public Policy Implementation (2003) analyzed over one hundred thousand responses to an OPM governmentwide questionnaire to determine the best places to work in the federal government. The analysis also showed that federal employees believe their talents are underutilized and that their abilities are not maximized. It is clear that if the system served the worker better, employee satisfaction would increase. It is only a short leap to conclude that maximizing employee skills would lead to more productivity and a better agency bottom line.

The strategy for designing a new federal workplace must include, not exclude, union leaders and union members, individuals with the knowledge, skills, and abilities to address the ever more complex problems before the federal government. Without their inclusion, the opportunity for significant change may face the same fate as the Clinton effort, and HR professionals may lose a once-in-a-career opportunity to institutionalize their participation as strategic partners in carrying out the business of agencies.

### Stakeholders

When administration officials are busy defending the outsourcing policy to Congress, union leaders, and the press or seeking to rewrite the fundamental personnel rules in the federal government, they are not focused on agency organizational change efforts. When union leaders are locking horns with the administration over changes in personnel laws or regulations and outsourcing, they are not focusing on how to help agencies improve their efficiency and effectiveness. And when both administration officials and union leaders are not focused on each other, they are not developing the trust required to implement the organizational changes necessary to boost agency efficiency and effectiveness. Similarly, agency employees faced with uncertainty over losing their jobs to outsourcing or working in a new personnel system with uncertain rewards and punishments are not focused on organizational change efforts. The loss of key stakeholder focus may inevitably lead to a return of adversarial labor management relations.

Even though union leaders and President Bush share the goal of increasing agency efficiency, union leaders have found themselves aggressively countering presidential efforts to limit employee influence. There have been battles over the TSA, DHS, and DoD legislation; there will be battles over the language of the regulations and grievances and lawsuits over the application of the regulations. Any improved individual or agency performance resulting from changed personnel rules is in the future. And union leaders and their congressional supporters will continue to fight the administration's outsourcing policy.

Conflict in one area of a relationship often sours the entire relationship. Union leaders are well aware of the limitations of adversarial labor-management relations. Even though adversarial unionism creates a sense of action and drama, with winners and losers publicly determined, it has serious limitations in the federal sector. First, because the scope of bargaining is so limited, the rights created in collective bargaining agreements are similarly limited, as is the scope of rights enforcement in the grievance procedure.

Second, lawsuits or grievances, even of the class action variety, touch only a few employees. The euphoria of anticipated action and of vindication felt by the aggrieved parties quickly dissipates because resolution often comes years after the injury. And although the successful prosecution of a lawsuit or griev-

ance may make managers more careful to follow the applicable rules, the adversarial system cannot force a fundamental change in basic managerial policy and cannot change an environment that excludes employees into a collaborative environment where employee views are valued.

But the regressive march may be inevitable. Union combativeness will in turn lead to more aggressive responses by the administration, reinforcing the reluctance of agency political leaders to collaborate with unions and employees. Local union leaders excluded from collaborative activities will revert to a stance of resistance. Without the cement of trust that comes from satisfying mutual interests associated with working together on improving agency performance, it is very likely that labor and management will recommence their traditional adversarial dance.

## CONCLUSION

Federal and state governments are once again challenged by significant funding shortfalls, a reluctance to raise taxes, and no reduction in the large demand for quality government services and increased productivity. The challenge is not new, nor is the question of whether we will apply what we have learned.

Achieving consensus among the legislature, the administration, political appointees, career government executives, union leaders, and employees on how to improve agency productivity is difficult. The successes and failures in the states and in the federal government contain many lessons about the difficulty of implementing organizational change, identifying mutual interests, and developing trust. Will the successful approaches be adopted and applied, or will we repeat the errors of the past and be surprised at the failures?

## Notes

1. The National Performance Review did not explain how it concluded that 80 percent of those eligible to be represented by unions had chosen union representation, but the number can be reasonably calculated. As of January 1, 2001, some 1,043,479 of the 1,7810,621 full-time federal employees were represented by unions (Office of Personnel Management, 2002b, p.44). The statute governing federal sector labor management relations, the Civil Service Reform Act of 1978, excludes managers and supervisors, who constituted approximately 11 percent of 188,169 members of the total workforce (Office of Personnel Management, 2002a, p. 16). In addition, confidential employees and those excluded by presidential executive order because they are part of an agency or subdivision that has as its primary function intelligence, counterintelligence, investigative, or national security work, who constitute approximately 13 percent of the workforce, are excluded. Therefore, of the approximately 1,304,348 eligible employees, 1,043,479, or 80 percent, are represented by unions.



2. Alaska, California, Connecticut, Florida, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and Wisconsin.
3. Alabama, Delaware, Georgia, Idaho, Indiana, Kansas, Kentucky, Missouri, Nevada, North Dakota, Oklahoma, South Dakota, Tennessee, Texas, Utah, and Wyoming.
4. Arizona, Arkansas, Colorado, Louisiana, Mississippi, North Carolina, South Carolina, Virginia, and West Virginia.

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## PART FOUR



# THE LEGAL ENVIRONMENT OF HUMAN RESOURCE MANAGEMENT

*What Congress has commanded is that any tests used must  
measure the person for the job and not the person in the abstract.*

—Chief Justice William Burger, *Griggs v. Duke Power Company*\*

The case of *Griggs v. Duke Power Company* clearly heralded the increasing legal concerns faced by human resource management. With the advent of the Equal Employment Opportunity Act of 1972, public human resource managers were greeted with a successive array of court cases challenging their recruitment, selection, and appraisal methodologies. Heretofore excluded or underrepresented groups demanded workforce representation, and these demands led to two decades of federal legislation and court decisions that transformed the public human resource management landscape. Gender stereotypes were challenged, workers with disabilities began to take their place in public organizations, and public employees began to more aggressively assert their constitutional rights in the workplace.

As public employees continue to turn to the law for workplace remedies, the increasing number of legal issues that public human resource management must comply with and help others comply with places new demands on the human resource manager. Part Four provides the reader with a healthy appreciation for the complex legal environment in which human resource management is practiced in today's public organizations.

Chapter Seventeen, “Human Resource Management Legal Issues” written by Jerry Hartman, Gregory W. Homer, and Alisa H. Reff, all practicing labor attorneys with the Washington, D.C., law firm of Drinker Biddle & Reath LLP, opens the part by reviewing major employment law issues and suggesting why the human resource manager should retain a knowledgeable labor attorney suitable for his

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\**Griggs v. Duke Power Company*, 401 US 424 (1971).

or her organization. The authors explain major federal antidiscrimination laws such as the Equal Employment Opportunity Act of 1972, the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. Turning to a discussion of the constitutional rights and responsibilities of public employees and employers, they stress that the public human resource management legal terrain is indeed rocky and that successful human resource managers must keep abreast of and actively respond to the constant changes in the field.

In Chapter Eighteen, "A Practical Guide to Affirmative Action," Norma M. Riccucci focuses on steps that human resource managers can take to increase workforce diversity. She states that "there is perhaps no function of human resource management that has generated more controversy and debate as affirmative action. Within this tumultuous environment, human resource managers and personnelists are particularly challenged to manage affirmative action programs and policies for their organizations." Riccucci reviews relevant federal legislation and case law, discussing the political and managerial environment surrounding equal employment opportunity and affirmative action, and she presents specific guidance for practicing managers in the development of an affirmative action plan for a municipal government.

In Chapter Nineteen, "Sexual Harassment in the Workplace," Michele M. Hoyman and Lana Stein define sexual harassment, outline associated federal guidelines, and review relevant case law. They explain that "sexual harassment in the workplace is pervasive" and that fully half of all working women have experienced "some form of sexual harassment at some time on their jobs." Hoyman and Stein furnish clear guidance to practicing managers through the explication of a model action plan to ameliorate sexual harassment in public workplaces.

Although U.S. workforces have expanded since the 1960s to include women and minorities, workers with disabilities have only much more recently won increased statutory claims to employment opportunities through passage of the Americans with Disabilities Act of 1990 (ADA). David Pfeiffer, the leading scholar in this area, provides insight into this important piece of federal legislation in Chapter Twenty, "Understanding the Americans with Disabilities Act." After reviewing the history of the disability movement and the related laws that preceded the passage of the ADA, he turns to specific ADA provisions, discussing their implementation and giving readers guidance and examples regarding the "reasonable accommodation" provisions in particular. Pfeiffer also outlines resources available to assist government organizations in proactively implementing the ADA.

The chapters in Part Four emphasize that public human resource managers must not only understand but also be prepared, as Hartman, Homer, and Reff state, to become "minor constitutional scholars" in order to successfully negotiate the constantly evolving legal environment of public human resource management. As statutory and case law evolves, it is imperative that these managers position themselves to ensure that their organizations are proactive rather than reactive in dealing with public human resource management legal issues.



# Human Resource Management Legal Issues

Jerry Hartman  
Gregory W. Homer  
Alisa H. Reff

Pick up a copy of any newspaper, and you are almost certain to see an article detailing another significant lawsuit involving employment discrimination. Most of the press headlines have involved claims against private sector employers, such as the race discrimination lawsuits against Denny's Restaurants and Texaco, Inc. But public sector employers have not been immune, as evidenced by the highly publicized sexual harassment lawsuit brought against President Clinton.

Although there are only a few high-profile cases, there are a significant number of employment claims being asserted. In terms of numbers, the high was reached in 1994 when almost 92,000 discrimination charges were filed with the Equal Employment Opportunity Commission (EEOC). Since then, the number has ranged between 75,000 and 87,000 per year. Even more significant, the number of employment discrimination lawsuits filed in federal court almost tripled between 1990 and 2000.

Although not as well documented, constitutional claims against public sector employers also have increased dramatically in recent years. These employment-related claims—raising such important issues as privacy and equal protection rights—have forced human resource management generalists to become minor constitutional scholars as they struggle to ensure that personnel policies and decisions follow the dictates of the U.S. Constitution.

This chapter introduces the public sector human resource manager to the legal landscape where the personnel function now must operate. The first section

provides a broad overview of the significant statutory laws governing the human resource management function, focusing on the federal discrimination laws that regulate public sector employment. The second section analyzes the important constitutional issues that bear on the public sector personnel function.

## FEDERAL DISCRIMINATION LAWS

### Title VII

Title VII of the Civil Rights Act of 1964 is perhaps the best known of all the federal laws prohibiting employment discrimination. As amended, it prohibits discrimination on the basis of race, color, religion, sex, or national origin. Title VII applies to all personnel functions: hiring, firing, compensation, promotion, classification, training, apprenticeship, employment referrals, union membership, and the terms, conditions, and privileges of employment. In addition, under Title VII, it is illegal to harass an employee because of his or her sex, race, color, religion, or national origin.<sup>1</sup>

Statutory exceptions exist permitting discrimination where a person's sex, national origin, or religion is a bona fide occupational qualification reasonably necessary to a business operation or where an institution of higher learning closely affiliated with a particular religion hires employees of that religion. Both of these exceptions, however, have been narrowly construed.

An employer is defined by Title VII as "a person engaged in an industry affecting commerce who has fifteen or more employees for each working day in each of twenty or more calendar weeks in the current or preceding calendar year, and any agent of such a person."<sup>2</sup> The Equal Employment Opportunity Act of 1972 extended the coverage of Title VII to state and local governments, as well as to federal employees, and Title VII's principles apply to government and private employers in a similar manner (*Dothard v. Rawlinson*, 433 U.S. 321, 1977). The 1972 amendments to Title VII did not apply to employees of the House of Representatives and the Senate who were not in competitive service. Congress, however, extended the protections of Title VII to its own employees as part of the Civil Rights Act of 1991.

The Equal Employment Opportunity Commission is responsible for receiving and processing charges of discrimination filed by state and local government employees. The EEOC (and in certain cases, the Merit Systems Protection Board) also has jurisdiction over Title VII claims by federal employees (other than congressional employees).

**Enforcement.** A public sector employee who believes that he or she has been the victim of employment discrimination covered by Title VII may bring suit in his or her own name as an "aggrieved party." However, this individual must

first file a charge of discrimination with the EEOC and must provide that agency with an opportunity to resolve the grievance. Where there is no approved state or local agency with authority to investigate claims of discrimination (that is, a “section 706 deferral agency”), a complainant must file his or her charge with the EEOC within 180 days of the occurrence of the alleged unlawful employment practice in order for the charge to be timely. Where a qualified deferral agency exists, the charge must be filed with the EEOC within 300 days of the occurrence.

Charges must be in writing and made under oath or affirmation. Upon receipt of a charge, the EEOC must serve notice on the party being charged (typically an employer, labor organization, or employment agency) within ten days. The EEOC must then investigate the charge and determine whether “reasonable cause” exists to believe that the charge is true.

A complainant must bring suit within ninety days after being notified by the EEOC of his or her right to sue. A right-to-sue notice will be issued when a no-cause determination has been made by the EEOC, or this notice may be requested by the charging party at any time during the administrative process.

After a right-to-sue notice has been issued, a public sector employee may commence a legal action on his or her own behalf. In addition, the U.S. Department of Justice may bring suit on behalf of the employee or, if the alleged discrimination affects a class of individuals, may bring a “pattern or practice” action against the public employer.

**Remedies.** Prior to the Civil Rights Act of 1991, remedies under Title VII were limited to back pay and, where appropriate, reinstatement. The Civil Rights Act of 1991 overhauled the remedial scheme of Title VII and thereby precipitated a wave of litigation under that statute.

Most notably, the Civil Rights Act of 1991 authorized the award of compensatory damages (for example, for emotional distress) where an employer has “engaged in unlawful intentional discrimination (not an employment practice that is unlawful because of its disparate impact).” Although the Civil Rights Act of 1991 also authorized the award of punitive damages against private sector employers, such damages may not be awarded against a state or local government employer. The act sets caps on the total award of compensatory and punitive damages, based on the size of the employer. The current maximum award of compensatory damages against a public sector employer is set at \$300,000. Where a plaintiff seeks compensatory damages, a jury trial may be demanded.

Another significant aspect of Title VII’s remedial scheme concerns court-awarded attorneys’ fees. Title VII empowers a court to award the prevailing party its attorney fees and fees paid to experts. Notwithstanding Title VII’s caveat that such awards are discretionary, the U.S. Supreme Court has ruled that a plaintiff “who succeeds in obtaining an injunction under that Title should

ordinarily recover an attorney fee unless special circumstances would render such an award unjust” (*Newman v. Piggie Park Enterprises*, 390 U.S. 400, 1968). A prevailing employer, however, may receive attorneys’ fees only when the plaintiff’s action was frivolous, unreasonable, or without foundation (*Christianburg Garment Co. v. EEOC*, 434 U.S. 412, 1979).

### Civil Rights Act of 1871

The Civil Rights Act of 1871, also known as the Ku Klux Klan Act, was passed pursuant to the Fourteenth Amendment, which provides that “no State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property without due process of law; nor deny any person within its jurisdiction the equal protection of the laws.”

Section 1 of the Civil Rights Act of 1871 was codified at section 1983 of the *U.S. Code*, volume 42. Section 1983 provides that “every person who, under color of any statute, ordinance, regulation, custom or usage, of any State or Territory, or the District of Columbia, subjects, or causes to be subjected, any citizen of the United States or any person within the jurisdiction thereof to the deprivation of any rights, privileges or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper procedure for redress.” The purpose of section 1983 is to deter state actors from using the badge of their authority to deprive individuals of their federally guaranteed rights and to provide relief to victims if such deterrence fails (*Wyatt v. Cole*, 504 U.S. 158, 1992).

Thus section 1983 applies only to persons who act under color of state law. The statute does not reach solely private conduct, nor does it extend to conduct of federal agencies and officials in most instances.<sup>3</sup> Its precondition to suit that a defendant must act under color of state law is known as the state-action requirement. The state-action requirement clearly is met where government agencies and officials have engaged in discriminatory practices. Accordingly, section 1983 has been relied on to remedy employment discrimination involving public schools, colleges, and universities; fire and police departments; public and semipublic hospitals; and other state agencies. A more difficult question of applicability occurs where a private institution is so heavily involved with the state that state action arguably is present. This sort of state involvement may come through receipt of public funds, through state licensing or regulation, through the private entity’s engagement in functions normally exercised by the state, or through some combination of these factors (see *Rendell-Baker v. Kohn*, 457 U.S. 2764, 1982).<sup>4</sup>

Another difficult question of applicability is what constitutes a “person” under section 1983. Although Congress could have created a right of action directly against state and local governments, as it did with the 1972 amendments



to Title VII, it did not do so explicitly under section 1983. Thus initially, section 1983 was construed not to authorize suits against state or local governments. In *Monroe v. Pape* (365 U.S. 167, 1961), the Supreme Court—construing the statute literally—held that section 1983 covered government officials, not government entities. Seventeen years later, the Court overturned *Monroe* as it applied to local governments, in *Monell v. Department of Social Services* (436 U.S. 658, 1978). The Court reasoned that “our analysis of the legislative history of the Civil Rights Act of 1871 compels the conclusion that Congress did intend municipalities and other local government units to be included among those persons to whom Section 1983 applies.” However, the Supreme Court ruled in *Alabama v. Pugh* (438 U.S. 781, 1978) that a state remains insulated from a section 1983 suit in federal court based on the immunity granted to the states by the Eleventh Amendment. Thereafter, in *Will v. Michigan Department of State Police* (491 U.S. 58, 1989), the Court—again relying on a strict interpretation of section 1983—ruled that a state is also insulated from liability in state court.

However, these two Supreme Court rulings do not mean that a person who is the victim of illegal discrimination committed by a state has no recourse under section 1983. Government officials who implement such discrimination can be sued under section 1983 in their official and individual capacities. However, because damage awards may require payment from the state treasury and are therefore barred by the Eleventh Amendment, only prospective injunctive relief may be awarded against state officials sued in their official capacities.

**Scope of Coverage.** Where section 1983 does apply, it covers discrimination based on any of the five protected classifications set out in Title VII—race, color, religion, sex, or national origin—and a number of other protected classes. Thus the Supreme Court has held that a public employer may not discriminate against a noncitizen (*Sugarman v. Dougall*, 413 U.S. 634, 1973). In addition, other distinctions—such as classifications based on age, disability, or sexual orientation—have been found to violate section 1983 when such classifications are not rationally related to some legitimate state interest.

**Enforcement.** Unlike Title VII, section 1983 does not specify any procedural prerequisites to filing suit. Thus a suit under section 1983 may be filed directly in either the federal district court or the appropriate state court of general jurisdiction.

### Civil Rights Act of 1866

The Civil Rights Act of 1866, codified at section 1981, provides among other things that all persons in the United States “shall have the same right . . . to make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens.” It was enacted following the Civil War

to help effectuate the purposes of the Thirteenth Amendment to the Constitution: to eliminate slavery in the United States and give former slaves the same rights as other free citizens. It should be noted that although section 1981 outlaws race discrimination (including discrimination against whites; *McDonald v. Santa Fe Transportation Co.*, 427 U.S. 273, 1976), as well as discrimination based on alien status (*Graham v. Richardson*, 403 U.S. 365, 1971), ethnicity, or ancestry (*Saint Francis College v. Al-Khazraji*, 481 U.S. 604, 1987), it does not extend to sex discrimination (see, for example, *Bratton v. Roadway Package System, Inc.*, 77 F.3d 168, 177, 3d Cir. 1996).

Until 1967, the Civil Rights Act of 1866 was of limited utility in litigation against discrimination. In *Hodges v. United States* (203 U.S. 1, 1906), the Supreme Court had concluded that the Thirteenth Amendment and section 1981 would be violated only by conduct that actually enslaved someone. However, in *Jones v. Alfred H. Mayer Co.* (392 U.S. 409, 1967), the Court overruled this interpretation, holding that the Thirteenth Amendment authorized Congress to do more than merely dissolve the legal status of slavery. The Court found that the Thirteenth Amendment gave Congress the power to determine the incidence of slavery, as well as the authority to translate this determination into effective legislation.

The Court's decision in *Jones* effectively revived the 1866 act as a viable source of legal relief from racial discrimination and was subsequently relied on by lower federal courts to grant relief from discrimination in private employment, independent of Title VII of the Civil Rights Act of 1964. This interpretation was affirmed by the Supreme Court in *Johnson v. Railway Express Agency, Inc.* (421 U.S. 454, 1975). The Court expressly stated that section 1981 affords a federal remedy against discrimination in private employment on the basis of race, entitling a successful plaintiff to both equitable and legal relief. The Court stated:

Title 42 U.S.C. §1981, being the present codification of §1 of the century-old Civil Rights Act of 1866, 14 Stat. 27 . . . on its face relates primarily to racial discrimination in the making and enforcement of contracts. Although this Court has not specifically so held, it is well settled among the federal courts of appeals—and we now join them—that §1981 affords a federal remedy against discrimination in private employment on the basis of race.

In *Patterson v. McLean Credit Union* (491 U.S. 164, 1989), the Supreme Court held that racial harassment claims are not actionable under section 1981 because section 1981 covers only conduct occurring at the initial formation of the contract and conduct that impairs the right to enforce contractual obligations through legal process. The Court concluded that claims of racial harassment can and should be stated under Title VII. In so holding, the Court stated:

Interpreting §1981 to cover postformation conduct unrelated to an employee's right to enforce her contract, such as incidents relating to the conditions of employment, is not only inconsistent with that statute's limitation to the making

and enforcement of contracts, but would also undermine the detailed and well-crafted procedures for conciliation and resolution of Title VII claims.

The Court also stated that section 1981 would only be applicable to promotion claims “where the promotion rises to the level of an opportunity for a new and distinct relation between the employee and employer.” The Court’s reasoning was based on the requirement that actionable section 1981 claims relate to the formation of a contract. The Court cited *Hishon v. King & Spaulding* (467 U.S. 69, 1984) as an example. In *Hishon*, the plaintiff was an associate in a law firm who was denied admission into the firm’s partnership.

The limitations *Patterson* placed on the scope of claims actionable under section 1981 were eliminated as part of the Civil Rights Act of 1991. Indeed, the very first provision of that act (section 101) was intended specifically to overrule the *Patterson* decision. This was accomplished by adding a new subsection (b) to section 1981 that states, “For the purposes of this section, the term ‘make and enforce contracts’ includes the making, performance, modification, and termination of contracts, and the enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship.”

Accordingly, the scope of discriminatory employment actions that may now be litigated under section 1981 is coextensive with that under Title VII. In *Lauture v. International Business Machines Corp.* (216 F.3d 258, 2d Cir. 2000) the court ruled that at-will employees may sue for a racially discriminatory discharge under section 1981, and in *Spriggs v. Diamond Auto Glass* (165 F.3d 1015, 4th Cir. 1999) that the at-will employment relationship constitutes a contract for the purposes of section 1981.

**Scope of Coverage.** In *Jett v. Dallas Independent School District* (491 U.S. 701, 1989), the Supreme Court examined the interplay between sections 1981 and 1983. The Court had two primary holdings. First, that “§1983 constitutes the exclusive remedy against state actors for violations of the rights contained in §1981,” and second, that a plaintiff who sues a municipality under section 1983 for a violation of the rights contained in section 1981 may not rely on the doctrine of *respondeat superior*. It has been argued that the amendments to section 1981 in 1991 have somehow diminished *Jett*’s holding. However, most courts have held that “because Congress neither expressed its intent to overrule *Jett*, nor explicitly created a remedy against state actors in addition to §1983, we are not willing to deviate from the Supreme Court’s analysis of §1981 in *Jett*” (*Burbank v. Office of the Attorney General of the State of Connecticut*, 240 F. Supp. 2d 167, 174, D. Conn. 2003, *aff’d* 75 Fed. Appx. 857, 2d Cir. 2003, quoting *Felton v. Polles*, 315 F.3d 470, 480–481, 5th Cir. 2002). The Court held in *Butts v. County of Volusia* (222 F.3d 891, 11th Cir. 2000) that the plaintiff must use the remedial provisions of section 1983 to enforce against state actors the rights

created by section 1981 and that in such a situation, the plaintiff may not rely on the doctrine of *respondeat superior*. But in *Federation of African American Contractors v. City of Oakland* (96 F.3d 1204, 9th Cir. 1996) it rules that as a result of amendments to section 1921 by the Civil Rights Act of 1991, Congress had created an implied right of action against state officials under section 1981 for deprivation of civil rights.

### Age Discrimination in Employment Act

The Age Discrimination in Employment Act (ADEA) was enacted in 1967 to prohibit discrimination in any aspect of employment against employees aged forty and over. The law originally protected only individuals between forty and sixty-five. However, in 1978, the maximum age was raised to seventy, and was eliminated entirely as of January 1, 1987.

**Scope of Coverage.** The ADEA defines an employer as “a person engaged in an industry affecting commerce who has twenty or more employees for each working day in each of twenty or more calendar weeks in the current or preceding calendar year.” Coverage under the ADEA was extended to federal, state, and local government employers by the 1974 amendments to the Fair Labor Standards Act. In 1995, the Congressional Accountability Act was signed into law, making Congress subject to eleven federal employment laws, including the ADEA. However, the U.S. Supreme Court ruled in *Kimmel v. Florida Board of Regents* (528 U.S. 62, 2000) that state employees who claim they have been discriminated against because of their age cannot sue their state employers under the ADEA because of state immunity granted by the Eleventh Amendment. However, the immunity granted by virtue of the Eleventh Amendment applies only to the state and “arms of the state” and generally does *not* apply to counties, cities, or other political subdivisions (*Williams v. Dallas Area Rapid Transit*; 242 F.3d 315, 5th Cir. 2001; *rehearing en banc denied*, 256 F.3d 260, 5th Cir. 2001; *cert. denied*, 534 U.S. 1042, 2001). In determining whether a governmental entity is an arm of the state, the *Williams* Court relied on a six-part test: (1) whether the state statutes and case law characterize the agency as an arm of the state; (2) the source of funds for the entity; (3) the degree of local autonomy the entity enjoys; (4) whether the entity is concerned primarily with local, as opposed to statewide, problems; (5) whether the entity has authority to sue and be sued in its own name; and (6) whether the entity has the right to hold and use property. *McGinty v. New York* (251 F.3d 84, 2d Cir. 2001) applied a similar six-factor test, holding that the New York State and Local Employees Retirement System is an arm of the state.

In *State Police for Automatic Retirement Association (SPARA) v. Di Fava* (317 F.3d 6, 1st Cir. 2003), the First Circuit concluded that the *Kimel* decision did not

operate to bar injunctive relief under the ADEA against states. In *SPARA*, the plaintiff sought to invalidate a permanent injunction nullifying the state's mandatory retirement law for police officers pursuant to the ADEA. The court explained that neither *Kimmel* nor the Eleventh Amendment prevents individuals from obtaining injunctive relief against a state based on the ADEA.

It should be noted the states' Eleventh Amendment immunity is applicable to suits by private individuals but not by the federal government. Thus the EEOC retains the ability to sue state employers under the ADEA, even after *Kimmel* (*EEOC v. Kentucky Retirement System*, 16 Fed. Appx. 443, 6th Cir. 2001; *cert. denied*, 534 U.S. 1079, 2002). It should also be noted that a small number of states have introduced or passed legislation that waives the state's sovereign immunity from claims under the ADEA and other federal nondiscrimination laws.<sup>5</sup>

**Enforcement.** Administrative enforcement of the ADEA is vested in the EEOC. Both private actions and actions brought by the EEOC may be filed under the ADEA. Like Title VII actions, ADEA suits may be brought in state or federal court and may be tried by a jury. Unlike Title VII remedies, however, ADEA remedies are limited to reinstatement, back pay (which may be doubled for "willful" violations), and attorneys' fees.

### Rehabilitation Act of 1973

**Scope of Coverage.** The Rehabilitation Act of 1973 prohibits discrimination by federal government contractors or by recipients of federal financial assistance against individuals with disabilities. The act defines an individual with a disability as any person who "(i) has a physical or mental impairment which substantially limits one or more of such person's major life activities, (ii) has a record of such an impairment, or (iii) is regarded as having such an impairment." However, the act excludes from its definition "an individual who is currently engaging in the illegal use of drugs, when a covered entity acts on the basis of such use," and "any individual who is an alcoholic whose current use of alcohol prevents such individual from performing the duties of the job in question or whose employment, by reason of such current alcohol abuse, would constitute a direct threat to property or the safety of others."

Sections 503 and 504 of the Rehabilitation Act are the heart of the statute. Section 503 provides that all federal contracts in excess of \$10,000 must contain a provision requiring affirmative action to employ and advance the employment of individuals with disabilities. Section 503 also prohibits employers holding federal government contracts in excess of \$10,000 from discriminating against disabled individuals. Section 504 prohibits discrimination against qualified individuals with disabilities by programs that receive federal financial assistance. This includes all aspects of state and local government programs, including employment.

Several circuit courts have held that a state waives its sovereign immunity for claims under section 504 by accepting federal financial assistance. In *Koslow v. Pennsylvania* (302 F.3d 1161, 3d Cir. 2002) the court held that Pennsylvania waived its sovereign immunity to suit under the Rehabilitation Act by accepting federal funds for its corrections department, and in *Robinson v. Kansas* (295 F.3d 1183, 1189–1190, 10th Cir. 2002) the court ruled that “by accepting federal financial assistance as specified in 42 U.S.C. §2000d-7, states and state entities waive sovereign immunity from suit.”

**Enforcement.** Under section 503(b), any individual with a disability may file a claim with the Department of Labor against a covered contractor. The Department of Labor is responsible for investigating such claims and taking action as warranted by the investigation. There is no private right of action under section 503. Whereas section 503 enforcement is administered by the Office of Federal Contract Compliance regardless of which federal agency entered into the covered contract, section 504 compliance is administered by the agency providing the federal aid. The attorney general is responsible for coordinating the implementation and enforcement of section 504 by the various federal agencies. In 1977, the Department of Health, Education and Welfare (now divided into the Department of Health and Human Services and the Department of Education) issued guidelines for the implementation of section 504 by federal agencies providing financial assistance. An implied private right of action has been recognized by the Supreme Court for a claim under section 504 (*Guardians Association v. Civil Service Commission*, 463 U.S. 582, 593–597, 1983). In addition, many courts of appeals have held that section 504 confers a private right of action (see, for example, *Moore v. Warwick Public Schools*, 794 F.2d 32, 325, 8th Cir. 1996).

### Americans with Disabilities Act of 1990

**Scope of Coverage.** The Americans with Disabilities Act of 1990 (ADA) is the most comprehensive piece of civil rights legislation to be passed since Title VII. The ADA proscribes discrimination on the basis of an individual’s disability. Under Title I of the ADA, this proscription extends to hiring, promoting, prejob testing, training, and other “terms, conditions, and privileges of employment.” Title II makes it unlawful for a state or local government, or any public entity that provides public transportation, to discriminate against a qualified individual with a disability in the provision of public services, regardless of whether the entity receives federal financial assistance. In addition, Title III of the ADA mandates that individuals with disabilities have equal access to all types of goods, services, public facilities, accommodations, interstate communications, and transportation, whether state or privately operated.



The ADA defines discrimination to include both intentional and unintentional discrimination. It also requires employers to reasonably accommodate employees' disabilities unless to do so would result in undue hardship to the employer. "Reasonable accommodation" is defined to include restructuring jobs, modifying work schedules, hiring readers or interpreters, reassigning job incumbents to vacant positions, making facilities readily accessible, acquiring equipment, and modifying testing materials and current policies. The ADA adopts the term "qualified individual with a disability" found in the Rehabilitation Act and defines this term to include all persons with a disability who with or without reasonable accommodation are capable of performing the essential functions of a particular job. Under the act, individuals who use illegal drugs are not considered disabled.

As passed by Congress, the ADA covered state and local government employers who employ fifteen or more individuals for twenty or more calendar weeks annually. However, a sharply divided Supreme Court ruled in *Board of Trustees of the University of Alabama v. Garrett* (531 U.S. 356, 2001) that the Eleventh Amendment to the Constitution prevented Congress from passing a law that allowed employees to sue states for alleged disability discrimination. The Court, in a 5–4 decision, held that Congress failed to identify "a history and pattern of irrational employment discrimination by the states against the disabled" that was sufficient to abrogate states' immunity from lawsuits under the Constitution. However, a plaintiff can sue a state employer for prospective equitable relief under the ADA. In *Frazier v. Simmons* (254 F.3d 1247, 10th Cir. 2001), the Tenth Circuit ruled that Eleventh Amendment immunity can be circumvented under the *Ex parte Young* doctrine, which allows a suit against a state official in his or her official capacity seeking prospective equitable relief. In *Gibson v. Arkansas Department of Corrections* (265 F.3d 718, 8th Cir. 2001), the Eighth Circuit held that state officials may be sued for prospective injunctive relief under Title I of the ADA, even though states are immune from damages liability. Finally, Congress is covered under the act when it acts as an employer but is subject to different enforcement procedures than other employers.

**Defenses.** An employer is not required to "reasonably accommodate" an individual with a disability if such accommodation would constitute an "undue hardship" for the employer. Undue hardship includes any action that requires significant difficulty or expense, in light of (1) the nature or cost of the accommodation; (2) the overall financial resources of the facility or facilities, including number of persons employed and impact on the facility; (3) the overall financial resources of the covered entity, including the size of the business; and (4) the type of employer operation, including the composition, structure, and functions of the workforce and the geographical separateness and administrative or financial relationship of the facility in question to the covered entity.

In addition, an employer may defend the application of a qualification standard or test that tends to screen out individuals with disabilities, on the ground that the test is “job-related and consistent with business necessity.” Also, the ADA allows employers to refuse to hire individuals with infectious and communicable diseases as defined by the secretary of health and human services if such prospective employees would handle food.

**Enforcement.** Enforcement of Title I of the ADA is through the provisions of Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, and includes the requirement that a charge of discrimination be filed in a timely manner with the EEOC. Prevailing public sector employees may be awarded back pay, compensatory damages (subject to the statutory caps), injunctive relief, and attorneys’ fees. Courts disagree as to whether Title II of the ADA, which applies only to the services, programs, or activities of a public entity, provides a cause of action for public employees alleging employment discrimination because of a disability. However, in *Bledsoe v. Palm Beach County Soil & Water Conservation District* (133 F.3d 816, 820, 11th Cir. 1998), the Eleventh Circuit held that “Title II of the ADA does encompass public employment discrimination, whereas in *Zimmerman v. State of Oregon Department of Justice* (170 F.3d 1169, 9th Cir. 1999), the Ninth Circuit concluded that “Congress unambiguously expressed its intent for Title II not to apply to employment.” Those courts that allow public employees to sue under Title II allow such suits to proceed without first filing a charge with the EEOC.

## FEDERAL WAGE, HOUR, AND BENEFIT LAWS

### Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) was enacted in 1938 to regulate minimum wages and overtime pay and to restrict “oppressive child labor” practices in the workplace. The act has been amended several times since its initial passage and covers all individuals engaged “in commerce or in the production of goods for commerce or in any enterprise engaged in commerce or in the production of goods for commerce.” The FLSA applies to almost all categories of federal, state, and local government employees. However, police officers and firefighters are subject to different overtime-measuring provisions, due to their unique hours of employment. For all other categories, overtime at the rate of one and one-half times the normal hourly rate must be paid for all hours in excess of forty in any workweek. However, overtime need not be paid to “exempt” employees.

The administrative body authorized to enforce the FLSA is the Wage and Hour Division of the Department of Labor. Remedies available are injunctions, payment of unpaid wages, liquidated damages, and criminal penalties. Typi-



cally, the Department of Labor solicitor's office pursues wage claims before an administrative law judge. In addition, actions by state employees for FLSA violations may be brought directly in state court by aggrieved individuals.

**Scope of Coverage.** Although the FLSA appears to apply to state governments, the U.S. Supreme Court held in *Alden v. Maine* (527 U.S. 706, 1999) that absent a state's consent, private FLSA actions against state agencies, whether in state or federal court, are unconstitutional as a violation of sovereign immunity. *Alden*, however, does not get states off the hook entirely. States must still comply with the FLSA, and state employees can sue a state officer in federal court for an injunction requiring compliance with the act. In addition, the federal government can sue in federal court for money damages on behalf of state employees and remit part or all of the damages to them. Also, state courts may permit private actions if the state is found to have waived its immunity.

### Family and Medical Leave Act

The Family and Medical Leave Act of 1993 (FMLA) is the first broad-based federal law providing employees with rights to take leave from work in order to care for themselves or family members. It is intended to allow employees to balance their work and family lives by taking reasonable amounts of medically or family-necessitated leave.

Employees of federal, state, and local government generally have the same leave rights as employees of private companies under the FMLA. Thus eligible public employees, in general, may take up to twelve weeks of leave every twelve months to care for a newborn or newly placed adopted or foster child, for a seriously ill family member, or for the employee's own health. The employee can choose, or be required by the employer, to substitute accrued paid leave for unpaid leave. With limited exceptions, the employee is entitled to return to the same or an equivalent position following the leave period. The FMLA applies to all public employers who employ fifty or more employees at a single work site or employ fifty or more employees at work sites within a seventy-five-mile radius.<sup>6</sup>

**Scope of Coverage.** In May 2003, the Supreme Court held in *Nevada Department of Human Resources v. Hibbs* (538 U.S. 721, 2003) that the family leave provision of the FMLA covered state government employees and is not blocked by Eleventh Amendment sovereign immunity. Recognizing the Court's earlier Eleventh Amendment decisions, the Court stated that "the Constitution does not provide for federal jurisdiction over suits against nonconsenting States." However, Congress may "abrogate such immunity in federal court if it makes its intention to abrogate unmistakably clear in the language of the statute and acts pursuant to a valid exercise of the power under [section] 5 of the Fourteenth Amendment." The Court found that Congress did so in this case.

It is important to note that *Hibbs* applies only to the family leave provisions of the FMLA and not to the medical leave provisions. In *Laro v. New Hampshire* (259 F.3d 1, 1st Cir. 2001), the First Circuit concluded that Congress did not validly abrogate states' Eleventh Amendment immunity with respect to the personal medical leave provisions of the FMLA.

Special FMLA rules apply to elementary and secondary school teachers who take a leave near the end of the academic term or whose intermittent leave or leave on a reduced work schedule amounts to more than 20 percent of the total number of working days during the leave period. Thus instructional employees who start a leave near the end of a term can sometimes be required to continue it through the end of the term. When this happens, the employee continues to enjoy the same employment and benefit protections. In addition, instructional employees who request intermittent leave for a planned medical treatment may have to choose either (1) a temporary transfer to an available alternative position or (2) leave for a continuous period not to exceed the duration of the planned medical treatment, if the requested intermittent leave is for more than 20 percent of the total number of workdays in a leave period.

**Enforcement.** State and local government employees seeking enforcement of the FMLA may file an administrative complaint with the Department of Labor or may commence a lawsuit in federal court. Federal employees may seek enforcement through grievance procedures established by a collective bargaining agreement or agency management. Remedies are limited generally to lost wages (doubled where the employer fails to demonstrate that it acted in good faith) and attorneys' fees.

### State and Local Laws

State and local governments remain free to regulate personnel matters over and above the federal requirements. In many cases, state and local law may provide greater or different protections to certain groups, allow different remedies for unlawful acts, and provide different enforcement mechanisms. The trend in this direction has accelerated as many jurisdictions perceive federal government unwillingness or inability to adequately protect employees in such areas as sexual orientation and drug testing. Public employers and human resource managers therefore need to be familiar with the laws peculiar to their jurisdiction.

## CONSTITUTIONAL CONSTRAINTS ON THE PUBLIC EMPLOYER

Statutory law is only half of the legal landscape facing the human resource manager. In addition, he or she must be knowledgeable about the constitutional considerations that affect the public human resource management func-

tion. This section first describes the theoretical background of constitutional law as it relates to the government as an employer. Then it discusses current protections afforded government employees with respect to the constitutional issues of freedom of speech, procedural due process, freedom of association, privacy, and equal protection.

## Constitutional Background

The U.S. Supreme Court's analysis of constitutional law as it relates to the government as an employer has passed through three theoretical stages over the past century (see "Developments in the Law," 1984). During the first stage, the Court maintained that because a public employee has no "right" to public employment, an employer can condition employment on any reasonable terms, including the employee's relinquishment of certain constitutional rights. During this stage, courts held that the "privilege" of public employment could be withdrawn or extended at the whim of the public employer, in much the same way as private employers could act under the "employment at will" doctrine (see *Adler v. Board of Education*, 342 U.S. 485, 1952).<sup>7</sup>

The notion that constitutional protections turn on whether a government benefit is characterized as a right or a privilege was undermined, and eventually rejected, in a series of freedom-of-association cases decided by the Supreme Court during the 1950s and 1960s. In *Wieman v. Updegraff* (344 U.S. 183, 1952), the Court invalidated a state statute requiring public employees to take an oath denying past affiliation with Communists; in *Shelton v. Tucker* (364 U.S. 479, 1960), the Court invalidated a state statute requiring teachers to disclose all associational ties; and in *Keyishian v. Board of Regents* (385 U.S. 589, 1967), the Court invalidated a state statute that barred members of certain "subversive" groups from teaching. These freedom-of-association cases led up to the Court's landmark freedom-of-speech decision, *Pickering v. Board of Education* (391 U.S. 563, 1968), in which the Court, employing a balancing test, held that a public school teacher could not be discharged for speaking out on a matter of public interest. The Court's reasoning left no doubt that the *right-versus-privilege test* no longer applied:

"The theory that public employment which may be denied altogether may be subjected to any conditions, regardless of how unreasonable, has been uniformly rejected" [*Keyishian v. Board of Regents* (385 U.S. at 605)]. At the same time it cannot be gainsaid that the State has interests as an employer in regulating the speech of its employees that differ significantly from those it possesses in connection with regulation of the speech of the citizenry in general. The problem in any case is to arrive at a balance between the interests of the teacher, as a citizen, in commenting upon matters of public concern and the interest of the State, as an employer, in promoting the efficiency of the public services it performs through its employees.

This second stage has been termed the *individual rights approach* because of the Supreme Court's recognition that public employees retain certain individual rights when they enter government employment.

The Court today continues to apply the *Pickering* balancing test in the arena of free speech, procedural due process, and a host of other constitutional areas involving public employment, although its continued application has been characterized by greater deference to the government's need to manage its workforce effectively so that it may provide public services efficiently. Thus this third stage of analysis has been termed the *public service model*.

### Freedom of Speech

As noted, the *Pickering* balancing test continues to be applied by the Supreme Court in its analysis of what constitutes constitutionally protected free speech. The Court applied this test in the public employment context in *Rankin v. McPherson* (483 U.S. 378, 1987). This case concerned the firing of Ardith McPherson, a deputized clerical employee in the law enforcement office of Harris County, Texas. On March 30, 1981, McPherson heard a radio report of an attempt to assassinate then-president Ronald Reagan. Upon hearing the report, McPherson engaged a coworker in a conversation in which McPherson expressed the opinion, "I hope if they go for him again, they get him." McPherson's remark was overheard by another employee, who reported it to the chief law enforcement officer, Walter Rankin. In response to the remark, Rankin discharged McPherson.

The *Rankin* Court began its analysis by noting that the threshold question was whether McPherson's remark might be characterized as speech on a matter of "public concern." Rarely will purely private or personal speech enjoy constitutional protection. Here the majority concluded that the statement dealt with a matter of public concern because it was made in the course of a conversation addressing the policies of the president's administration and came on the heels of a news bulletin regarding an attempted assassination of the president.

Next the Court employed the *Pickering* balancing test to conclude that Rankin's interest in discharging McPherson was outweighed by her rights under the First Amendment. In applying the test, the Court focused its analysis on the nature of the position held by McPherson:

Where, as here, an employee serves no confidential, policymaking, or public contact role, the danger to the agency's successful functioning from that employee's private speech is minimal. We cannot believe that every employee in Constable Rankin's office, whether computer operator, electrician, or file clerk, is equally required, on pain of discharge, to avoid any statement susceptible of being interpreted by the Constable as an indication that the employee may be unworthy of employment in his law enforcement agency. At some point, such concerns are so removed from the effective functioning of the public employer that they cannot prevail over the free speech rights of the public employee.

Thus *Rankin* cautions public human resource managers to closely review personnel decisions based on employee speech. Such a review should consider (1) whether the speech involved a matter of public concern, (2) whether the context in which the statements were made (including the manner, time, and place of the statements and the position held by the employee) was significant, (3) whether the statement impairs discipline by superiors or harmony among coworkers, and (4) whether the statement impedes the performance of the speaker's duties or interferes with the enterprise's regular operation.

### Procedural Due Process

The requirements of procedural due process apply only to the deprivation of interests encompassed by the Fifth and Fourteenth Amendments' protection of life, liberty, and property. Thus in the realm of public employment, to merit the protection of due process, the employee must possess a "property" or "liberty" interest that has been threatened by some government action (*Board of Regents v. Roth*, 408 U.S. 564, 1972). If the employee enjoys such an interest, he or she is entitled to a predeprivation hearing whose requisites the courts are to determine on a case-by-case basis through a balancing test that pits the employee's interests against those of the government.

**Property.** The *Roth* Court established that a public employee may have a property interest in continued employment, but such an interest must be based on existing rules of law, such as state law, that secure certain rights and support claims of entitlement to those rights. In *Roth*, the Court found that a nontenured state university professor had no property interest in continued employment: "The terms of the respondent's appointment secured absolutely no interest in reemployment for the next year. Nor, significantly, was there any state statute or University rule or policy that secured his interest in reemployment or that created any legitimate claim to it." The Court concluded that "in these circumstances, the [employee] surely had an abstract concern in being rehired, but he did not have a property interest sufficient to require the University authorities to give him a hearing when they declined to renew his contract of employment."

Subsequent to *Roth*, the Court's decisions initially placed further limitations on a public employee's property interest in continued employment and the process due when such a right exists. In *Arnett v. Kennedy* (416 U.S. 134, 1974), for example, a former federal employee challenged the procedures by which he was dismissed. The Court, in a plurality opinion, held that where the legislation conferring the property right also sets out the procedural mechanism for enforcing that right, the two cannot be separated:

The employee's statutorily defined right is not a guarantee against removal without cause in the abstract, but such a guarantee as enforced by the procedures which Congress has designated for the determination of cause.

Where the grant of a substantive right is inextricably intertwined with the limitations on the procedures which are to be employed in determining that right, a litigant in the position of appellee must take the bitter with the sweet.

The “bitter with the sweet” approach was rejected eleven years later in *Cleveland Board of Education v. Loudermill* (470 U.S. 532, 1985), in which the Supreme Court firmly established that procedural due process will usually apply where a public employee is dismissed, even if the process is limited by federal statute. The Court went on to hold that such a process will usually require “a pretermination opportunity to respond” coupled with sufficient posttermination administrative procedures to ensure constitutional fairness.

**Liberty.** In *Roth*, the Court expansively defined liberty to encompass the freedom to contract, marry, worship, and enjoy other “privileges long recognized . . . as essential to the orderly pursuit of happiness by free men.” Applying this definition, however, the Court found that only two liberty concerns can trigger administrative hearing rights following the discharge of a public employee: the employee’s interest in his or her good standing in the community and interest in being able to pursue a career elsewhere.

Since *Roth*, the Supreme Court has further limited its definition of liberty interests. To establish such an interest, a public employee must now (1) demonstrate that he or she was stigmatized in connection with an alteration of employment status, (2) allege that the stigma arose from substantially false characterizations of the employee or his or her conduct, and (3) show that the damaging characterizations were made public through channels other than employee-initiated litigation (“Developments in the Law,” 1984).

### Freedom of Association

The First Amendment guarantees that the government will not infringe on the right of citizens to freely associate. Public employees therefore enjoy the right to join organizations, as well as the right to refrain from such associations. But to what extent may a public employer condition employment on affiliation with a particular political party?

Prior to 1976, it was generally understood that political patronage dismissals did not violate a public employee’s constitutional rights. However, in *Elrod v. Burns* (427 U.S. 347, 1976), the plurality opinion of a divided Supreme Court applied the doctrine of unconstitutional conditions in determining that patronage dismissals constitute impermissible violations of the First Amendment rights to freedom of association and freedom of political belief, unless an employee’s political beliefs would interfere with the discharge of his or her public duties. In *Elrod*, the Court held that the newly elected Democratic sheriff of Cook County, Illinois, had violated the constitutional rights of certain non-civil ser-

vice employees by discharging them “because they did not support and were not members of the Democratic Party and had failed to obtain the sponsorship of one of its leaders.” In his concurrence, Justice Stewart noted that the duties of the public employees were “nonpolicymaking” and “nonconfidential.”

Four years later, a majority of the Court relied on *Elrod* in concluding that two county assistant public defenders could not be discharged on the basis of their party affiliation (*Branti v. Finkel*, 445 U.S. 507, 1980). The Court reasoned that “the ultimate inquiry is not whether the label ‘policymaker’ or ‘confidential’ fits a particular position; rather, the question is whether the hiring authority can demonstrate that party affiliation is an appropriate requirement for the effective performance of the public office involved.”

*Elrod* and *Branti* established that a public employer will rarely be able to justify an employee’s dismissal based on party affiliation. But does the rule of *Elrod* and *Branti* extend to other personnel actions? In *Rutan v. Republican Party of Illinois* (497 U.S. 62, 1990), the Court answered this query in the affirmative, averring that “the rule of *Elrod* and *Branti* extends to promotion, transfer, recall, and hiring decisions based on party affiliation and support.”

### Right of Privacy

The Fourth Amendment to the U.S. Constitution prohibits the U.S. government from engaging in unreasonable searches and seizures and establishes, derivatively, a right to privacy. These protections and positive rights apply to the states and their agents by virtue of the Fourteenth Amendment.

In the public employment setting, the issue of an employee’s right to privacy has been most vociferously raised with respect to constitutional challenges to employee drug- or alcohol-testing programs. These challenges have been asserted against federal employers; state employers, such as hospitals and universities; and local governments. In such instances, the courts have typically concluded that the state action requirements of the Fourth and Fourteenth Amendments have been met when a government entity (1) seeks to test its own employees or applicants for employment or (2) seeks to regulate private actors by requiring that they test their own employees.

In Fourth Amendment search and seizure cases in general, the government’s interest in the challenged activity is balanced against the individual’s privacy expectations to determine whether the particular intrusion is reasonable. Generally, a substance abuse testing program imposed by a government entity will survive a constitutional challenge if the program is substantially related to legitimate government interests and is no more intrusive than is reasonably necessary to serve those interests.

In *Skinner v. Railway Labor Executives’ Association* (489 U.S. 602, 1989), the Supreme Court specifically considered the search and seizure implications of substance abuse testing required in the private sector as a result of federal regulation.



The Court recognized that government-mandated urinalysis testing invades legitimate privacy expectations and therefore amounts to a search when given to detect illicit drug or alcohol use. Nevertheless, the Court upheld Federal Railroad Administration rules requiring the testing of railroad employees' blood and urine in the event of an accident and permitting similar tests when there is a reasonable suspicion that an employee is impaired by alcohol or drugs. According to the Court, the expectation of privacy is diminished by employment in a pervasively regulated industry and when the compelling government interest in public safety in that industry warrants the use of drug testing, even when there is no suspicion of drug use by specific individuals.

In the companion case of *National Treasury Employees Union v. Von Raab* (489 U.S. 656, 1989), the Supreme Court applied a similar analysis in upholding U.S. Customs Service rules that make testing for the illegal use of drugs a job condition for positions involving drug interdiction, carrying a firearm, or handling classified material. (See also *Vernonia School District 47 v. Acton*, 516 U.S. 46, 1995, which upheld random, suspicionless testing of high school athletes against a Fourteenth Amendment challenge.)

Although both the *Skinner* and *Von Raab* opinions found the probable cause and search warrant requirements inapplicable to public sector testing programs and allowed random testing absent reasonable suspicion in industries that unquestionably affect public safety, the Supreme Court also indicated that such determinations must be made case by case. Thus a drug-testing program's ability to pass constitutional muster will depend on the scope of the particular intrusion, the manner in which it is conducted, the justification for initiating it (apart from the normal need for law enforcement), and the place in which it is conducted.

Applying this type of analysis, courts both before and after the *Skinner* and *Von Raab* decisions reached varying conclusions about the constitutionality of government-imposed testing programs. For example, in *Transport Workers Local 234 v. Southeastern Pennsylvania Transportation Authority* (863 F.2d 1110, 3d Cir. 1988), the court upheld the state transportation authority's use of random drug and alcohol testing of employees in safety-sensitive positions but rejected return-to-work testing; in *McDonnell v. Hunter* (809 F.2d 1302, 8th Cir. 1987), the court upheld testing for state prison employees in medium- and maximum-security facilities who have regular contact with prisoners; in *Fowler v. New York City Department of Sanitation* (704 F. Supp. 1264, S.D.N.Y. 1989), the court upheld preemployment and follow-up testing during city sanitation workers' probationary periods because of the potential harm if they operated sanitation trucks while under the influence of drugs; in *Burka v. New York City Transit Authority* (739 F. Supp. 814, S.D.N.Y. 1990), the court upheld the city transit authority's periodic testing of employees in safety-sensitive positions and testing of employees in non-safety-sensitive positions following an on-duty "incident"



or accident but rejected testing of employees in non-safety-sensitive positions upon their return to work after a long absence, following an application for promotion, or during periodic physical exams; and in *Penny v. Kennedy* (915 F.2d 1065, 6th Cir. 1990), the court upheld the plan of Chattanooga, Tennessee, to have mandatory drug testing of city police and firefighters.

In *National Treasury Employees Union v. Yeutter* (918 F.2d 968, D.C.C. 1990) and *Hartness v. Bush* (919 F.2d 170, D.C.C. 1990), the U.S. Court of Appeals for the District of Columbia Circuit held that a portion of a federal drug-testing program exposing all Department of Agriculture employees to urinalysis was unconstitutional. In this case, the court stated that only testing done on reasonable suspicion of on-duty drug use or drug-impaired work performance would be allowed unless the worker held a safety- or security-sensitive job. The court allowed the random drug testing of certain motor vehicle operators, however. Because the drug testing was part of the Drug-Free Workplace Program and the government was disclaiming any law enforcement purpose in its testing, the government's interest in employee drug testing extended only as far as work performance and work responsibilities. Therefore, the court held that absent a safety- or security-sensitive job, random testing would not be within the government's legitimate interest, and testing would be allowed only on a reasonable suspicion of drug use. Government employees who have access to secret information or who have secret clearances may, however, be subject to random drug testing regardless of their frequency of exposure to secret documents. In *Hartness*, the court held that national security interests are involved in ensuring that persons who have access to secret documents do not become the victims of blackmail or coercion due to drug use and that these security interests outweigh individual Fourth Amendment and privacy interests. The same court, in *Stigile v. Clinton* (110 F.3d 801, 806, D.C.C. 1997), ruled that Office of Management and Budget employees who hold permanent passes to the Old Executive Office Building can be subjected to random drug testing because of their access to the president and vice president. The court found that "it is possible that a drug-using Old Executive Office Building passholder could be blackmailed into using his access to the building to assist in an attack on the President. Given the importance of protecting the President's safety, this is all that is required to make this particular search reasonable."

### Equal Protection

The Fourteenth Amendment proscribes the states from enforcing any law denying persons "the equal protection of the laws," and the due process clause of the Fifth Amendment contains an equal protection component prohibiting the U.S. government from doing the same. Public employees have used the equal protection clause as grounds for myriad claims opposing adverse personnel policies and actions. One area currently of particular concern to public personnel managers is reverse discrimination.

**Reverse Discrimination.** One of the most highly publicized and emotionally charged issues in human resource management is reverse discrimination. It has been raised in many contexts, from admission to professional schools to the granting of government contracts to employment. In the public employment context, white male employees and job applicants have brought suit under Title VII, section 1983, and the equal protection clause, challenging preferences for minorities and females designed to remedy past discrimination. As a result, the Supreme Court and lower federal courts have grappled with the conflict between prohibitions of preferences on the basis of race and sex on the one hand and the need to redress past discrimination against minorities and females on the other. Federal court treatment of this issue has developed along two lines of analysis: whether the affirmative action plan challenged was voluntarily imposed or whether it was imposed pursuant to a court order.

**Voluntary Programs.** Affirmative action programs voluntarily instituted by public employers face a more rigorous test of their constitutionality than those implemented pursuant to court order, although—as demonstrated by the leading case in the area—such voluntarily implemented programs can be upheld. In *Johnson v. Transportation Agency, Santa Clara County* (480 U.S. 616, 1987), the Court rejected the reverse discrimination claim of a male who scored slightly higher on an interview than the female who was selected for promotion. The Court held that the female’s selection was justified by the manifest imbalance between the number of women in the job classification (none) compared to the number of women in the labor market. Because women were concentrated in traditionally female jobs and significantly underrepresented in traditionally male categories, the employer could properly consider, among other factors, the gender of the qualified candidates. To be justifiable, however, an employer’s affirmative action plan must not authorize blind “hiring by the numbers” in order to meet a numerical goal and must not unnecessarily trammel the rights of male employees or create an absolute bar to their advancement. *Johnson* did not specifically address whether the affirmative action plan voluntarily adopted by Santa Clara County was constitutional. However, drawing on the Court’s analysis in *Johnson* and other nonemployment Supreme Court cases involving equal protection analysis, it is possible to form a general understanding of the characteristics necessary for a voluntary affirmative action plan to pass constitutional muster: (1) voluntary affirmative action at the state and local level must not be based on quotas or similar approaches, must serve a compelling state interest, and must be narrowly tailored so as to not unnecessarily trammel the rights of others, and (2) voluntary affirmative action at the federal level must serve important government objectives and must be substantially related to the attainment of those objectives.

In 1995, the Supreme Court indicated that it will continue to subject voluntary affirmative action efforts to close scrutiny. In *Adarand Constructors, Inc. v. Peña, Secretary of Transportation* (515 U.S. 200, 1995), the Court held that explicit race-based preferences in government contracts were unconstitutional unless there is a compelling government interest to institute such a program and unless the program is narrowly tailored to serve that interest. More recently, the Supreme Court issued decisions on two affirmative action admissions policies employed by the University of Michigan. In those cases, the Court held that the University's undergraduate admissions policy was unconstitutional because it lacked individual assessments and was not narrowly drawn to achieve the university's goal of creating diversity in the classroom (*Gratz v. Bollinger*, 539 U.S. 244, 2003). However, the Court upheld the race-conscious admissions policy used by the University of Michigan Law School (*Grutter v. Bollinger*, 539 U.S. 306, 2003). In *Grutter*, the Court held that the law school's program did not violate the equal protection clause because its use of race was narrowly tailored to further a compelling interest in obtaining the educational benefits that flow from a diverse student body. Relying on the standards set in *Gratz* and *Grutter*, the Seventh Circuit Court of Appeals held in *Petit v. Chicago* (352 F.3d 1111, 2003; WL 22939141, 7th Cir. 2003) that the Chicago Police Department's former use of standardizing measures to account for racial and ethnic differences in a promotion examination did not violate the equal protection clause of the U.S. Constitution. In reaching its decision, the *Petit* court considered the Supreme Court's reliance in *Gratz* on the testimony of business and military leaders on the need for workplace diversity as a basis to find diversity a compelling interest in the higher education system that feeds into the workforce. In *Petit*, there was significant testimony from police professionals both inside and outside the Chicago force, as well as by academics who study community-police interaction, that diversity among the ranks of the police force is crucial to ensuring police effectiveness. Following its determination that there was a compelling state interest in having a diverse police force, the court next considered whether the particular testing mechanism of "standardizing" the promotion examination scores to account for race and ethnicity met the new Supreme Court standard requiring only short-term and nonuniform application of affirmative action considerations. The Court concluded that the process used by the Chicago police force was not a prohibited across-the-board addition to the final score but rather an acceptable equalization factor. Last, the Court recognized that the standardization process was used by the department for only two years and therefore was of limited duration as required by the Court.

**Court-Ordered Programs.** Remedial affirmative action is designed to redress proven past discrimination by an employer against members of a particular

group. Such remedial schemes are typically implemented pursuant to a court order and usually allow employers broad latitude to rely on race or gender in making personnel decisions.

The leading case, *United States v. Paradise* (480 U.S. 149, 1987), decided during the same term as *Johnson*, upheld the remedial affirmative action program at issue. Under that program, African American state troopers in Alabama were promoted one-for-one for each white state trooper promoted. The Court found that such a broad race-conscious order was justified by the state's compelling interest in eradicating the pervasive, systematic, and obstinate discriminatory exclusion of blacks by the Alabama Department of Public Safety.

The Supreme Court plurality opinion did note significant constitutional constraints on the design of remedial affirmative action. Thus in a concurring opinion, Justice Lewis F. Powell explained that such constraints required attention to five factors: (1) the efficacy of alternative remedies, (2) the planned duration of the remedy, (3) the relationship between the percentage of minority workers to be employed and the percentage of minority group members in the relevant population or workforce, (4) the availability of waiver provisions if the hiring plan could not be met, and (5) the effect of the remedy on innocent third parties.

## CONCLUSION

This chapter presented an overview of the major statutory laws and constitutional issues currently influencing public sector employment. But case precedent in the field of employment law is continually redefining the personnel rules that public employers must follow. As a result, public sector employers must reevaluate the way in which they staff and manage their human resource function. Gone are the days when public organizations could afford to transfer clerical employees untrained in personnel issues into human resource management positions. Gone too are the days when human resource professionals could rely on less than up-to-date training to guide their decision-making processes.

One product of this revolution is the need for the human resource manager to establish a professional relationship with experienced employment counsel. Just as individuals in the field of human resources have been forced to specialize as a result of the explosion in employment litigation, so have members of the legal profession. Attorneys who practice employment law now faithfully follow emerging trends in employment litigation. This allows them, as employment counsel, to alert human resource managers of developments that might otherwise go unnoticed. Simply put, human resource managers who forgo the services of experienced labor counsel may find that they are applying obsolete personnel rules and exposing themselves and their organizations to unnecessary risk.

## Notes

1. Sexual harassment is the most prevalent form of prohibited harassment, although federal law prohibits harassment based on all protected classifications. The Equal Employment Opportunity Commission (1997) has issued extensive guidelines, defining in detail what constitutes sexual harassment and the circumstances under which the EEOC would hold the employer responsible for such conduct. Briefly, unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when “(1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment; (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working environment.”
2. Whether the phrase “any agent of such person” establishes individual liability for supervisors engaging in discriminatory conduct is an issue that has divided the courts. Some courts have interpreted this provision to allow individuals to be sued personally under Title VII, along with the employer; see, for example, *Hamilton v. Rodgers*, 791 F. 2d 439, 5th Cir. 1986, and *Paroline v. Unisys Corp.*, 50 Fair Empl. Prac. Cas. 306, 4th Cir. 1989. Other courts have disagreed, finding that the provision is intended only to incorporate the doctrine of *respondeat superior* liability into the statute; see *Smith v. Saint Bernard’s Regional Medical Center*, 19 F. 3d 1254, 8th Cir. 1994, and *Busby v. Orlando*, 931 F. 2d 764, 11th Cir. 1991.
3. Federal officials, however, may be held liable for acts of employment discrimination where such actions amount to a violation of the Constitution (see *Davis v. Passman*, 442 U.S. 228, 1979, which allowed a secretary to maintain a Fifth Amendment due process claim wherein she alleged that a U.S. congressman terminated her employment due to her gender).
4. In *Rendell-Baker*, employees of a privately owned school who were terminated for protesting school policies alleged a violation of section 1983. They claimed that this section was applicable because the school received over 90 percent of its funds from state and federal agencies through tuition funding plans. The Supreme Court, however, held to the contrary, finding insufficient state funding and state regulation.
5. A number of states have passed or considered statutes waiving the state’s immunity to suits under certain federal employment laws. Minnesota became the first state to enact such a statute. Minnesota’s law (S.F. 1614) permits lawsuits against the state under the ADEA, the Americans with Disabilities Act (ADA), the Fair Labor Standards Act (FLSA), and the Family and Medical Leave Act (FMLA) (*Daily Labor Report*, June 21, 2001, C-1). Subsequently, North Carolina passed a similar law that allows state employees to sue the state under the ADA as well as the ADEA and the FMLA. The State Employee Federal Remedy Restoration Act caps damages at \$500,000, the maximum allowed under state tort law, or the amounts

authorized by applicable federal law, whichever is less. Most recently, Illinois passed legislation waiving the state's sovereign immunity to federal antidiscrimination laws. Specifically, H.B. 469 provides protections to state workers guaranteed under the ADEA, FMLA, the ADA, and Title VII (*Daily Labor Report*, Aug. 11, 2003, A-8).

6. The act's fifty-employee coverage threshold does not apply to elementary or secondary schools, whether private or public.
7. In *Adler*, the Court upheld New York civil service laws that barred members of subversive groups from teaching. In its ruling, the Court provided a clear elucidation of government employment as a privilege: "It is clear that such persons have the right under our law to assemble, speak, think and believe as they will. It is equally clear that they have no right to work for the State in the school system on their own terms. They may work for the school system upon the reasonable terms laid down by the proper authorities of New York. If they do not choose to work on such terms, they are at liberty to retain their beliefs and associations and go elsewhere."

## References

- Department of Health, Education and Welfare. "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving Federal Financial Assistance." 45 CFR §84.1 et seq. *Code of Federal Regulations*, 1977, vol. 45, sec. 84.1 et seq.
- "Developments in the Law: Public Employment." *Harvard Law Review*, 1984, 97, 1738-1800.
- Equal Employment Opportunity Commission. "Guidelines on Discrimination Because of Sex." *Code of Federal Regulations*, 1997, vol. 29, sec. 1604.11. (Sexual harassment at 1604.11.) (Originally issued 1969)



# A Practical Guide to Affirmative Action

Norma M. Riccucci

Perhaps no function of human resource management has generated more controversy and debate than affirmative action. Since its inception, it has been the target of damaging attacks and misrepresentations that have often left human resource managers and personnelists confused about its purpose and meaning. Perhaps most insidious have been the misguided claims equating affirmative action with quotas or reverse discrimination. In this tumultuous environment, human resource managers and personnelists are particularly challenged to manage affirmative action programs and policies for their organizations.

This chapter provides practical information about the operation of affirmative action and equal employment opportunity (EEO) in government settings. Rosenbloom's three approaches to public administration (1983)—managerial, political, and legal—form an appropriate framework for this information. This chapter focuses in particular on the managerial approach and the steps human resource managers take in developing affirmative action plans. However, because affirmative action planning does not occur in a vacuum, the chapter also examines the environmental forces that influence the scope and boundaries of affirmative action. Therefore, the statutory, regulatory, and common law about which human resource managers must be knowledgeable is briefly reviewed. And because political milieu also influences the operation of affirmative action and especially the realization of its goals, the chapter also addresses the politics

surrounding affirmative action. To begin, the following section briefly defines the terms and concepts of EEO and affirmative action.

## DEFINING THE CONCEPTS

Equal employment opportunity is largely viewed as a means to prevent discrimination in the workplace on the basis of race, color, religion, gender, national origin, age, and physical and mental abilities. Because of its emphasis on nondiscrimination, a major facet of EEO is legislative mandates, such as civil rights laws. Although efforts to promote EEO initially spurred a good deal of resistance in this country, a policy of nondiscrimination is widely accepted today by policymakers and, for the most part, the general citizenry.

Affirmative action, in contrast, which emerged in response to pervasive employment discrimination, refers to proactive efforts to diversify the workplace in terms of race, ethnicity, gender, and even physical abilities. The proactive emphasis has led to a great deal of controversy and public debate over affirmative action as an employment tool or social policy (Rosenbloom, 1977; Riccucci, 1997, 2002b; Cornwell and Kellough, 1994; Klingner and Nalbandian, 1998; Wooldridge and Wester, 1991). In particular, the legal and political disputes around affirmative action have greatly influenced its operation in public and private sector workforces. The next section takes a closer look at how law and politics have affected human resource managers' use of affirmative action in the public sector.

## THE LEGAL ENVIRONMENT OF AFFIRMATIVE ACTION

A wide body of law governs the operation of affirmative action in the public sector. Statutory law and the U.S. Constitution provide an important framework for affirmative action, as do regulatory and common, or case, law.

### Statutory and Constitutional Law

Title VII of the Civil Rights Act of 1964 (amended by the Equal Employment Opportunity Act of 1972 to include public sector employers) provides the most comprehensive protection against employment discrimination on the basis of race, color, religion, gender, and national origin.<sup>1</sup> Although Title VII does not mandate affirmative action, it is serving as a framework for judicial interpretations of the legality of affirmative action plans and programs.<sup>2</sup> In fact, with the exception of the Rehabilitation Act of 1973 and federal set-aside programs, both of which are discussed later in this chapter, there are no federal statutes mandating affirmative action on a broad scale.



Likewise, although the Fifth and Fourteenth Amendments to the U.S. Constitution do not require affirmative action on the part of public employers, they are serving as the basis for judicial determinations of the constitutionality of affirmative action programs. As will be seen shortly, a large body of case law governs affirmative action in the public sector.

It is worth noting that the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability, also has an affirmative action component for federal employers and federal contractors. (The Americans with Disabilities Act of 1990 [ADA], which is much broader than the Rehabilitation Act, applies to all public and private sector employees with the exception of those in the executive branch of the federal government, which continues to be covered by Title V of the Rehabilitation Act. Federal contractors are covered by both the ADA and the Rehabilitation Act.) Sections 501 and 503 of Title V require that the federal government and federal contractors (with contracts in excess of \$10,000), respectively, take affirmative action to provide employment opportunities to persons with disabilities. Thus although the ADA does not mandate affirmative action for the employers it covers, the Rehabilitation Act does mandate it for the federal government and for federal contractors. In any event, however, affirmative action for disabled persons may currently be more a promise than a reality.

There are also federal, state, and local statutes or ordinances that mandate affirmative action in the awarding of government contracts. Known as *set-asides*, such programs are a narrower form of affirmative action in which the government requires or encourages a certain portion of federal, state, or local contracting dollars to be earmarked, or set aside, for minority- or women-owned businesses. The U.S. Supreme Court decision in *Adarand Constructors, Inc. v. Peña, Secretary of Transportation* (515 U.S. 200, 1995) created stringent standards for set-asides (discussed in more detail later), but such programs continue to operate at every level of government (see *Concrete Works of Colorado v. City and County of Denver*, 321 F.3d 950, 2003).

## Regulatory Law

Beyond the realm of statutory and constitutional law, affirmative action is also greatly affected by various federal, state, and local regulations. For example, numerous executive orders have been issued on the subject by chief executive officers at every level of government. The most prominent of these regulations is President Lyndon Johnson's 1965 Executive Order 11246 (as amended by the 1967 Executive Order 11375), which prohibits federal contractors with contracts exceeding \$10,000 from discriminating on the basis of race, color, gender, religion, or national origin. It also requires those contractors with contracts in excess of \$50,000 and fifty or more employees to take affirmative action to recruit, hire, and promote women and people of color whenever these groups are underused

by the employer. State and local governments are regulated by Executive Order 11246 if they have contracts or subcontracts with the federal government to furnish supplies or services or to provide the use or lease of property (Schlei and Grossman, 1983). However, under some circumstances, a contractor or subcontractor working for a unit of a state or a local government and not participating in the actual work may be exempt from the order's provisions (Levin-Epstein, 1987).

Executive Order 11246 is administered and enforced by the U.S. Department of Labor and its Office of Federal Contract Compliance Programs (OFCCP). In the event of noncompliance with the order, the secretary of labor can take several actions, including canceling, terminating, or suspending the contract. In practice, federal contractors rarely lose their contracts, provided that they can demonstrate good faith efforts toward achieving their affirmative action goals. Indeed, of the hundreds of thousands of contractors, employing millions of workers, only thirteen lost their contracts under the Carter administration and two under the Reagan administration (Press, 1985; a Freedom of Information Act request to the OFCCP for more recent data has been made but as of this writing has not been honored).

Affirmative action executive orders may also be issued at the state and local levels of government. For example, in 1983, Governor Mario Cuomo of New York issued Executive Order 6, which requires affirmative action in the state government workforce for women, people of color, persons with disabilities, and Vietnam-era veterans. It remains in force today.

Other regulations in addition to executive orders govern and guide the use of affirmative action. For example, the Equal Employment Opportunity Commission (EEOC), which oversees and enforces various antidiscrimination laws, including Title VII of the Civil Rights Act, has issued numerous regulations, most notably the 1978 Uniform Guidelines on Employee Selection Procedures (1997c) and the guidelines in Affirmative Action Appropriate Under Title VII of the Civil Rights Act of 1964, as Amended (1997a). The Uniform Guidelines, issued jointly by the EEOC, the Department of Labor, the Department of Justice, and the Civil Service Commission (now the Office of Personnel Management), are a set of rules around employment decisions, intended to assist human resource managers and affirmative action officers to comply with requirements of federal law prohibiting discrimination on the basis of race, color, religion, gender, and national origin. The guidelines in Affirmative Action Appropriate Under Title VII, addressed in more detail later in this chapter, provide further assistance by interpreting the "legal principles which govern voluntary affirmative action under Title VII and other employment discrimination laws." Both sets of guidelines are ultimately intended to assist human resource managers in the development of affirmative action plans.

## Case Law

The courts have interpreted statutory and constitutional law in deciding and defining the legal contours and boundaries of affirmative action, and it is perhaps the resulting case law that has had the greatest impact on the operation of affirmative action in the public sector. Court decisions ultimately influence the way in which human resource managers and affirmative action officers develop and implement affirmative action plans. Even the EEOC has amended some of its guidelines in accordance with Supreme Court decisions (Equal Employment Opportunity Commission, 1989).

For at least a decade after handing down the *Regents v. Bakke* (438 U.S. 265, 1978) decision, which upheld the principle of affirmative action, the Supreme Court continued to support affirmative action in various forms.<sup>3</sup> Beginning in 1989, however, the Court issued several decisions that hampered affirmative action efforts. But in 2003, the Court issued a landmark ruling upholding the use of affirmative action (discussed later in the chapter). Table 18.1 presents a snapshot of Supreme Court affirmative action rulings from 1979 to 2003. As the table illustrates, only in the area of layoffs has the Court not permitted the use of affirmative action.

As mentioned, beginning in 1989, the Supreme Court issued a series of decisions that seemed to indicate an abrupt shift in its position on affirmative action programs. For example, it dealt a severe blow to set-aside programs in *Richmond v. Croson* (88 U.S. 469, 1989), in which the Court proclaimed that state and local governments must justify their affirmative action programs under a *strict scrutiny* analysis. Strict scrutiny is a two-pronged test that asks (1) whether there is a compelling government interest for the program (for example, to redress past discrimination) and (2) whether the program is sufficiently narrowly tailored to meet its specified goals (for example, whether alternative programs could be employed that do not classify people by, for instance, race).<sup>4</sup> Subsequent to the *Croson* ruling, state and local governments wishing to maintain their set-aside programs had to modify them to comply with the strict scrutiny criteria, and a number of governments across the country carried out such revisions.

Federal set-aside programs are also held to the standards of the strict scrutiny test. In *Adarand Constructors, Inc. v. Peña, Secretary of Transportation* (515 U.S. 200, 1995), the Court majority ruled that all federal affirmative action programs had to be subjected to the strict scrutiny inquiry. *Adarand*, in effect, overturned two earlier Court decisions that upheld federal set-asides: *Fullilove v. Klutznick* (448 U.S. 448, 1980) and *Metro Broadcasting v. Federal Communications Commission* (497 U.S. 547, 1990). In *Fullilove*, the Court had ruled that the federal government has broad authority to develop set-aside programs; thus the Court

Table 18.1. Key U.S. Supreme Court Actions or Decisions on Affirmative Action.

Year	U.S. Supreme Court Case
1978	<i>Regents of the University of California v. Bakke</i> The U.S. Supreme Court upholds the principle of affirmative action, but strikes down its operation by the University of California under the Fourteenth Amendment and Title VI of the Civil Rights Act of 1964.
1979	<i>United Steelworkers of America v. Weber</i> The U.S. Supreme Court upholds the legality of the voluntarily developed affirmative action plan under Title VII of the Civil Rights Act of 1964.
1980	<i>Fullilove v. Klutznick</i> The U.S. Supreme Court upholds the constitutionality (under the Fifth and Fourteenth Amendments) of federal set-aside programs enacted by the U.S. Congress.
1984	<i>Firefighters Local Union and Memphis Fire Department v. Stotts</i> The U.S. Supreme Court upholds, under Title VII of the Civil Rights Act, as amended, the use of a seniority system in layoff decisions, despite its negative impact on affirmative action.
1986	<i>Wygant v. Jackson Bd. of Ed.</i> The U.S. Supreme Court strikes down, under the Fourteenth Amendment to the U.S. Constitution, the use of affirmative action in layoff decisions.
1986	<i>Sheet Metal Workers' International Association v. EEOC</i> The U.S. Supreme Court upholds, under Title VII and the Fifth Amendment to the U.S. Constitution, a court-ordered affirmative action program to remedy past discrimination by a union and an apprenticeship committee against people of color.
1986	<i>Int'l Assoc. of Firefighters v. City of Cleveland</i> The U.S. Supreme Court upholds, under Title VII, an affirmative action consent decree that provided for the use of race-conscious relief in promotion decisions.
1987	<i>Johnson v. Transportation Agency, Santa Clara County</i> The U.S. Supreme Court upholds, under Title VII, a voluntarily developed affirmative action program intended to correct gender and racial imbalances in traditionally segregated job categories.
1987	<i>U.S. v. Paradise</i> The U.S. Supreme Court upholds, under the Fourteenth Amendment to the U.S. Constitution, a court-ordered affirmative action plan aimed at remedying discrimination against African Americans in hiring and promotion decisions in the Alabama Public Safety Department.

Table 18.1. Key U.S. Supreme Court Actions or Decisions on Affirmative Action, Cont'd.

Year	U.S. Supreme Court Case
1989	<p><i>City of Richmond v. Croson</i></p> <p>The U.S. Supreme Court strikes down the constitutionality, under the Fourteenth Amendment, of a local government's set-aside program because it could not satisfy the criteria of the strict scrutiny test.</p>
1989	<p><i>Martin v. Wilks</i></p> <p>The U.S. Supreme Court allows white firefighters to challenge, under Title VII, a consent decree, to which they were not a party, years after it had been approved by a lower court.</p>
1995	<p><i>Adarand v. Peña</i></p> <p>The U.S. Supreme Court rules that the Equal Protection Clause of the Fifth Amendment requires that racial classifications used in federal set-aside programs must undergo strict scrutiny analysis.</p>
1996	<p><i>Hopwood v. State of Texas</i></p> <p>The U.S. Supreme Court lets stand a ruling by the U.S. Court of Appeals for the Fifth Circuit, which struck down the constitutionality of an affirmative action program at the University of Texas Law School.</p>
1999	<p><i>Lesage v. Texas</i></p> <p>The U.S. Supreme Court throws out a reverse discrimination suit filed under the Equal Protection Clause of the Fourteenth Amendment against the University of Texas' Department of Education.</p>
2003	<p><i>Grutter v. Bollinger</i></p> <p>The U.S. Supreme Court upholds affirmative action at the University of Michigan's Law School under the Fourteenth Amendment, arguing that there is a compelling state interest in "racial diversity." Race was one factor considered among many other factors.</p>
2003	<p><i>Gratz v. Bollinger</i></p> <p>The U.S. Supreme Court strikes down the use of affirmative action in the University of Michigan's undergraduate program under the Equal Protection Clause of the Fourteenth Amendment and Title VI of the Civil Rights Act. The Court stated that the program was based on a formula or "quota" system, giving extra points for race.</p>

did not subject the federal program to a vigorous strict scrutiny analysis (Riccucci, 1997). In *Metro Broadcasting*, the Court had upheld a federal set-aside program seeking to increase the number of broadcast licenses awarded to people of color, also without applying a vigorous strict scrutiny test.

Another Supreme Court ruling that dealt a blow to affirmative action was *Martin v. Wilks* (490 U.S. 755, 1989).<sup>5</sup> Here the Court threatened the continued existence of affirmative action programs in general, holding that white firefighters faced no time limitations in challenging affirmative action consent decrees approved by lower courts. In effect, this left open the possibility of an endless series of lawsuits challenging long-standing court-approved affirmative action programs.

In response to the Supreme Court's regressive 1989 rulings, Congress enacted the Civil Rights Act of 1991, which, among other things, overturned the *Wilks* decision (Cayer, 2004; Bureau of National Affairs, 1991). It should be noted, however, that the 1991 act did not overturn the *Croson* ruling. So human resource managers overseeing set-aside programs at the state and local levels of government must continue to adhere to the strict scrutiny requirements established in *Croson*. At the federal level, the *Adarand* ruling guides set-aside programs.

In 2003, marking the twenty-fifth anniversary of the *Bakke* decision, the Supreme Court issued a landmark ruling on affirmative action that clearly upholds its use. The Court actually had two separate cases before it, both involving the use of affirmative action in admissions decisions at the University of Michigan. One case, *Grutter v. Bollinger* (539 U.S. 306, 2003), involved the constitutionality, under the equal protection clause, of affirmative action at the University of Michigan's Law School. In a 5–4 ruling, the Court majority ruled that the racial diversity of a student body can be a sufficiently compelling interest on the part of a state university to warrant its use of racial preference in its admissions decisions. The Court held that the equal protection clause allows for the "Law School's narrowly tailored use of race in admissions decisions to further a compelling interest in obtaining the educational benefits that flow from a diverse student body."

In the second case, *Gratz v. Bollinger* (539 U.S. 244, 2003), the Court, in a 6–3 decision, struck down the use of affirmative action in admissions decisions at the University of Michigan's undergraduate programs in the College of Literature, Sciences, and Art. This program awards 20 points on a scale of 150 for membership in an "underrepresented minority group"—African Americans, Latinos and American Indians—with 100 points guaranteeing admission. The Court ruled that the program was "not narrowly tailored to achieve the assertedly compelling interest in educational diversity" and that "the admissions policy did not provide individualized consideration of each characteristic of a particular applicant."

Although the Michigan cases involve the use of affirmative action in public university admissions decisions, the rulings have far-reaching implications for the use of affirmative action in general. The decisions will likely affect private colleges and universities and government employers, as well as the private sector.

## THE POLITICAL ENVIRONMENT OF AFFIRMATIVE ACTION

The political culture of a jurisdiction can also impinge on the management of affirmative action in that it sets a tone for the overall support that will be provided for affirmative action efforts. Support from a mayor or city council can affect the resources devoted to affirmative action and, ultimately, implementation effectiveness. For example, when Norman Rice, an African American, was mayor of Seattle, Washington, he made affirmative action and cultural diversity programs priorities of his administration, and the city's diversity coordinator, Joanne Anton, attributed the success of Seattle's efforts to the mayor's strong commitment and to his insistence that department heads actively support affirmative action and diversity initiatives (Chambers and Riccucci, 1997).

Conversely, when there is little or no support from political institutions, affirmative action efforts can be hampered. Perhaps the best and most publicized example can be found in the state of California. In May 1995, Governor Pete Wilson ordered an end to all state affirmative action programs not required by law or court order. He also pushed the University of California Board of Regents to end the use of affirmative action in college admissions, hiring, and contracting, which it did in July 1995. The following year, a voter initiative, Proposition 209, the California Civil Rights Initiative, was passed by the California electorate by a 54–46 percent vote. This measure banned the use of affirmative action in state and local hiring, contracting and education. It is now Article I, Section 31, of the California Constitution.

Political support, however, can also work in the other direction. Despite the voter initiative and a federal court ruling upholding the constitutionality of Proposition 209 (*Coalition for Economic Equity v. Pete Wilson*, 122 F.3d 692, 1997), government employers are developing ways to maintain their affirmative action programs not only to curb discrimination but also to promote diversity (Riccucci, 2002a). Human resource managers continue to view affirmative action as an important policy that benefits organizations in terms of new ideas, opinions, and perspectives (Kelly and Dobbin, 1998).

In short, political and legal environments can greatly influence the operation of affirmative action. Against this backdrop, let's now turn to a primary managerial task of affirmative action—the development of affirmative action plans.

## THE MANAGERIAL ASPECTS OF AFFIRMATIVE ACTION

Human resource managers and affirmative action officers are responsible for two key affirmative action functions: reporting and planning. First, Title VII of the Civil Rights Act as amended requires public sector employers with one hundred or more employees to compile and submit annual reports on workforce gender and racial composition to the EEOC (Equal Employment Opportunity Commission, 1995). The purpose of the reporting requirements is to aid in the EEOC's administration and enforcement of Title VII (Equal Employment Opportunity Commission, 1997b). In addition, once processed and summarized, the reports allow employers to compare the racial and gender makeup of their workforces with that of other jurisdictions across the country and with their local labor market.

The second critical affirmative action function performed by human resource managers or affirmative action officers is affirmative action planning. The following section discusses what is involved in developing an affirmative action plan.

### Developing a Plan

There is no such thing as a definitive affirmative action plan, nor is there a standard recipe for developing a viable and effective plan. Nevertheless, well-developed plans do feature a number of common ingredients:

1. Financial and human resources for administering the plan
2. Evaluation of current EEO and affirmative action efforts and overall personnel policies and practices
3. Utilization analyses
4. Goals and timetables for achieving a representative workforce
5. Recruitment strategies for reaching and attracting job candidates from all sources
6. Training programs for employees and supervisors
7. Procedures for evaluating an organization's progress toward achieving its affirmative action goals (see, for example, Shafritz, Riccucci, Rosenbloom, and Hyde, 1992; Klingner and Nalbandian, 1998; Dresang, 1984).

Perhaps one of the first steps in effective affirmative action planning is to ensure that the organization or government entity will invest an appropriate amount of resources in the overall effort. If serious about diversifying its workforce, a government employer must appropriate resources so that its entire plan can be implemented effectively.



In addition, organizations will often review and evaluate their current EEO and affirmative action efforts. This entails a host of activities, including examining current recruitment, hiring, promotion, retention, and transfer policies and practices and analyzing their effects on all employees. Such a review may reveal inequities in the treatment or representation of protected classes throughout the organization.

Utilization analyses are also important to affirmative action planning. A utilization analysis compares the numbers and percentages of protected-class persons in the organization or government workplace with their percentages in the local or relevant labor market (Klingner and Nalbandian, 1998). The analysis also reviews the skills requirements for job vacancies, the skills usage of protected classes (including disabled and older workers) within the organization, and the general availability of protected-class persons with the requisite skills in the local labor market. Organizations may also consider the availability of protected-class persons in the local geographical area who are promotable and the training opportunities it will make available so that these persons are competitive for job advancement.

Development of goals and timetables has also been encouraged. They may be calculated in any number of ways, but they should establish benchmarks and target dates for diversifying the workforce. Goals, contrary to popular belief, are not quotas; quotas are generally set by courts after a finding of employment discrimination; and in theory, courts can impose sanctions (fines) if organizations do not meet quotas. In practice, sanctions are rarely imposed because the courts tend to look favorably on an organization's good faith efforts toward fulfilling the established quota.

Goals, in contrast, are flexible benchmarks or indicators of an organization's desired level of protected-class employment. If an organization does not fulfill its goals within a given time period, it will reexamine its efforts and set more realistic goals. Needless to say, the organization does not impose sanctions on itself if the goals are not met.

Active recruitment efforts should also be outlined in the affirmative action plan. Outreach is critical for an organization's overall affirmative action efforts and requires the development and maintenance of contacts with appropriate groups and communities (women's groups, African American communities, Latino communities, groups representing citizens with disabilities, and so forth). Contacts should also be maintained with schools, colleges, and universities that have large populations of women or students of color. It is also common to make job announcements through radio stations, newspapers, and other media outlets that appeal to people of color, women, and other protected-class groups.

Training and education programs for managers, supervisors, and rank-and-file employees should also be addressed in the affirmative action plan. Managers and supervisors should receive training on their organization's overall EEO

and affirmative action policies and programs, and employees should be offered training programs for skills acquisition, promotion opportunities, and career growth and development.

Finally, periodic reviews and evaluations of the affirmative action plan and its implementation will enable the organization to determine whether it is meeting its goals. Problems can thus be identified and rectified.

In developing and implementing a plan, employers may find it beneficial to rely on the EEOC's technical assistance, compliance manuals (for example, Equal Employment Opportunity Commission, 1991), and guidelines on affirmative action (Equal Employment Opportunity Commission, 1997a).<sup>6</sup> These guidelines govern how the EEOC will handle charges that complain about actions taken in accordance with an affirmative action plan. The EEOC issued these guidelines expressly in conjunction with section 713(b)(1) of Title VII, which protects from challenge an employer's omission or action taken "in good faith, in conformity with, and in reliance on written opinions or interpretations" of the EEOC. Adhering to the EEOC's guidelines on affirmative action thus protects employers who take "reasonable actions" under legitimate affirmative action plans (Equal Employment Opportunity Commission, 1993).

Many other components may be included in affirmative action plans. Some are featured in the sample plan presented in Exhibit 18.1. It should be stressed that Exhibit 18.1 is an *example* of a plan, not a model plan. As noted earlier, each affirmative action plan will be unique to the employer producing it and to the problems and opportunities it seeks to address.

### Monitoring the Plan

Affirmative action and EEO planning are ongoing processes that do not end once a plan has been completed and implementation has begun. In particular, monitoring the plan involves constant attention to how the plan is being implemented and whether its goals are being met. In some circumstances, administrative bodies may arrange formal audits. For example, the Department of Labor's OFCCP conducts periodic compliance audits of current federal government contractors as well as preaward audits of prospective contractors. The initiation of an audit does not depend on receipt of a complaint from an aggrieved individual. Rather, the OFCCP routinely selects employers for review (Schlei and Grossman, 1983).

To begin the audit, the OFCCP requests a copy of the employer's affirmative action plan, reviews it, and makes a determination as to its soundness. If the plan is sound, the audit is immediately terminated (B. Ellis, associate director for affirmative action, State University of New York-Albany, personal communication, Apr. 26, 1996). If the plan is unsound, a *desk audit* is arranged: an OFCCP compliance officer or team is assigned to the case and spends several days, sometimes weeks, randomly reviewing affirmative action files on hiring,

**Exhibit 18.1. Sample Table of Contents and Language  
for an Affirmative Action Plan for Midtown, USA.**

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- I. Introduction
  - A. Organizational structure of City of Midtown and organizational chart
  - B. Statement of workforce applicant pool
- II. Policy Statement on Equal Opportunity and Affirmative Action
  - A. Institutional commitment
 

The City of Midtown is committed to a policy of nondiscrimination and equal employment opportunity in conjunction with an affirmative action program that ensures that regular position vacancies are disseminated in a fashion calculated to reach a representative race and gender cross section of qualified potential applicants in each profession, discipline, or trade within the geographical recruiting area.
  - B. Mayor's commitment
 

The Mayor of Midtown issues annual statements delineating the City's policy of equal employment opportunity and nondiscrimination and reaffirming her own personal commitment to affirmative action. The Mayor is committed to communicating the importance of the City's affirmative action program to all City employees, making certain that individual responsibilities for efforts toward its affirmative action goals are clearly understood and actively pursued.
- III. Dissemination of Affirmative Action Policy
  - A. Internal dissemination of policy statement
  - B. External dissemination of policy statement
  - C. Dissemination of affirmative action plan: availability and location of affirmative action plans
    - 1. Office of Affirmative Action
    - 2. Mayor's Office
    - 3. Personnel Department
    - 4. Office of Public Information
    - 5. Public Library
- IV. Responsibility for Implementation
  - A. Office of Affirmative Action
 

It is the responsibility of this Office to work with Midtown's supervisors, equal employment opportunity officers, and any requesting employee to ensure compliance with Midtown's affirmative action plan and policy and applicable laws (Title VII of the Civil Rights Act of 1964, the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Executive Order 11246, and other applicable laws).
  - B. Equal employment opportunity officers
  - C. Department of Personnel

**Exhibit 18.1. Sample Table of Contents and Language  
for an Affirmative Action Plan for Midtown, USA, Cont'd.**

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D. Supervisors

Responsibility for implementation of affirmative action efforts is extended to Midtown's supervisors. They should be made to understand that their work performance is being evaluated on the basis of their equal employment and affirmative action efforts and results, as well as other criteria.

V. Workforce Analysis

The City of Midtown's analysis is an organizational profile by unit by position in ascending salary order. The institutional workforce analysis is maintained for audit purposes. Each major unit will periodically be provided copies of workforce analyses for its subordinate units. The institutional workforce analysis appears in Appendix A of this affirmative action plan.

VI. Job Groups

Each job group is described herein and includes a list of job titles within each group. Also included is desired training and experience with likely patterns of advancement. The job group analysis reflects the composition of each job group by race and gender. Institutional job groupings appear in Appendix B of this plan.

VII. Availability Determination

The most specific estimates of availability are used, though in some cases figures for persons with specific skills were not available and more general categories were used that tend to overestimate availability. In some cases a general persons-of-color figure is used because more specific race or ethnicity data are not available. The availability analysis is furnished in Appendix C of this plan.

VIII. Utilization Analysis

The utilization analysis is a comparison of actual representation in the workforce with the estimated availability in each job group. Underutilization is the number of additional white women or people of color needed to match availability estimates for the current size of the group. Table A shows the City of Midtown's current utilization analysis.

IX. Goals and Timetables

- A. Review of prior year's goals
- B. City of Midtown's goals
- C. Agency goals
- D. Department goals

Table B shows the City of Midtown's current goals.

X. Identification of Problem Area: Application Flow and Selection Rate

XI. Action-Oriented Programs

- A. Statement on training policy and programs for managers, supervisors, and administrators

**Exhibit 18.1. Sample Table of Contents and Language  
for an Affirmative Action Plan for Midtown, USA, Cont'd.**

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- B. Steps toward the improvement of employment opportunities for women and people of color: recruitment, hiring, and promotion procedures
- XII. Internal Audit and Reporting Systems: Monitoring EEO and Affirmative Action Efforts
  - A. Responsibilities of the City of Midtown's Office of Affirmative Action
  - B. Statement of support at institutional level for auditing and reporting
- XIII. Sexual Harassment Policy
  - A. Statement of policy
  - B. Processing of complaints
  - C. Sanctions
- XIV. Workers with Disabilities
  - A. Statement of policy
  - B. Rehabilitation Act of 1973
  - C. Americans with Disabilities Act of 1990
  - D. Review of physical and mental job qualifications
  - E. Reasonable accommodation of disabilities
  - F. Recruitment of and outreach to persons with disabilities
  - G. Processing of complaints
  - H. Sanctions
- XV. Veterans
  - A. Statement of policy on veterans' preferences
  - B. Vietnam-Era Veterans Readjustment Assistance Act of 1974
  - C. Review of physical and mental job qualifications
  - D. Reasonable accommodation of disabled veterans
  - E. Recruitment of and outreach to veterans with disabilities
  - F. Processing of complaints
  - G. Sanctions
- XVI. Gays and Lesbians
  - A. City of Midtown's ordinance prohibiting discrimination against gays and lesbians in employment
  - B. Processing of complaints
  - C. Sanctions
- XVII. AIDS Policy
  - A. Statement of AIDS policy
  - B. Americans with Disabilities Act of 1990
  - C. Processing of complaints
  - D. Sanctions
- XVIII. Family Leave
  - A. Family and Medical Leave Act of 1993

**Exhibit 18.1. Sample Table of Contents and Language  
for an Affirmative Action Plan for Midtown, USA, Cont'd.**

- B. Processing of complaints
- C. Sanctions
- XIX. Drug Policy
  - A. Rehabilitation Act of 1973
  - B. Americans with Disabilities Act of 1990
  - C. Statement of drug-free workplace policy
- XX. Appendixes
  - A. Workforce analysis
  - B. Definition of job groupings
  - C. Availability analysis
  - D. Employee roster
  - E. Advertising and recruitment
  - F. Grievance procedures

**Table A. Example of Utilization Analysis.**

Job Group	Total in Job Group	People of Color				Women			
		Available (percent)	Expected Number	Actual Number	Under- utilization	Available (percent)	Expected Number	Actual Number	Under- utilization
1A1	21	5.10	1.00	1	—	10.41	2.00	2	—
1A2	174	5.92	10.30	6	4.30	10.32	17.95	15	2.95
1B1	135	10.14	13.68	7	12.68	26.04	31.15	29	6.15
1B2	102	9.94	10.13	9	1.13	37.48	38.22	32	6.22
1B3	69	7.33	5.05	6	—	34.16	23.57	41	—

**Table B. City of Midtown's Goals.**

Job Group	People of Color			Women		
	Desired Goal (percent)	Target Date Goal (percent)	Years to Desired Goal	Desired Goal (percent)	Target Date Goal (percent)	Years to Desired Goal
1A1	0	—	—	7	4	3
1A2	9	2	6	6	2	5
1B1	5	2	5	2	1	2
1B2	18	1	9	22	3	4
1B3	2	1	4	0	—	—

promotions, and terminations throughout the organization, not just in the program or unit receiving federal funding. The team will, for instance, (1) investigate the numbers of women and persons of color hired, promoted, and terminated within a designated time period; (2) ascertain whether any of the employer's personnel procedures have adverse impact; (3) conduct a compensation analysis to determine if there are pay inequities between women and men or between people of color and whites; and (4) randomly select employees to be interviewed on the employer's EEO and affirmative action practices.

The purpose of the desk audit is to determine which areas, if any, warrant further investigation. For example, if a compensation analysis reveals pay inequities, a more comprehensive investigation into the pay policies and practices of the employer is launched. The employer is then given the opportunity to explain or justify the pay disparities. If the employer can provide a satisfactory explanation, the investigation is terminated. If it cannot, the OFCCP compliance team will offer recommendations and remedies that can bring the employer into compliance with federal law.

Afterward, the employer is required to provide periodic progress reports to the OFCCP indicating what steps it is taking to remedy the problem. For example, if the OFCCP found that the employer's recruitment efforts failed to yield female job candidates, the employer would need to illustrate that it is now making a good faith effort to recruit women. If the employer fails to demonstrate a good faith effort, it may be sanctioned (B. Ellis, personal communication, Apr. 26, 1996). As noted earlier, although the employer's federal funding can be suspended or terminated, this rarely happens, even when employers are not in compliance with OFCCP requirements.

Although there is no definitive preparation for OFCCP audits, it appears clear that employers can eschew sanctions—and even full-fledged audits—if they have well-developed affirmative action plans in place.

Affirmative action plans are also monitored by the courts when employment discrimination claims have arisen from the plans. In addition, plans may be monitored by administrative bodies such as the Merit Systems Protection Board (for plans for federal employees) and, more broadly, the EEOC.

As noted earlier, the EEOC reviews and monitors equal employment opportunity and affirmative action progress through the EEO reports submitted to it by public employers. Any EEOC commissioner may initiate an investigation under Title VII to address a perceived widespread pattern of employment discrimination (Equal Employment Opportunity Commission, 1995).<sup>7</sup> If the investigation leads to a finding of systematic discrimination, the EEOC may seek to conciliate a settlement between the employer and the aggrieved person or persons. If this fails, the U.S. attorney general, on behalf of the EEOC and the aggrieved public employee or employees, may bring a civil action in federal court. The court may enjoin the employer from engaging in the unlawful employment

practices and may order reinstatement, hiring, or promotion of employees, with or without back pay.

In sum, an important managerial function of affirmative action planning is monitoring the plan once it has been implemented. Not only is this sound management practice, but it can also prove cost-effective because the costs of challenges to affirmative action plans are staggering.

## CONCLUSION

Human resource managers at every level of government have equal employment opportunity and affirmative action responsibilities and tasks that are legal, political, and managerial. As this chapter shows, affirmative action planning is a critical function of human resource management, but human resource managers must also have practical knowledge and be vigilant about the relevant law and politics if their affirmative action plans are not only to be effective but to survive judicial scrutiny as well. The EEOC and many other administrative bodies provide technical assistance on affirmative action to human resource managers. Such assistance is imperative and can help an organization ultimately reach its affirmative action goals while also avoiding costly administrative hearings or lawsuits emanating from challenges to its affirmative action programs and policies.

## Notes

1. State and local statutes, constitutions, or ordinances may also prohibit discrimination, but this discussion is primarily limited to federal mandates. It should further be noted that this chapter does not review the large body of employment discrimination (EEO) law made under the various federal mandates but limits the discussion to law pertaining solely to affirmative action.
2. So, too, do section 1983 of the Civil Rights Act of 1871 and, on a more limited basis, section 1981 of the Civil Rights Act of 1866 (for example, since the U.S. Supreme Court, in *Brown v. General Service Administration*, 425 U.S. 820, 1976, found Title VII of the Civil Rights Act of 1964 as amended to be the exclusive remedy for federal employees, section 1981 cannot be used against federal defendants).
3. An exception is the Court decision in *Grove City College v. Terrel H. Bell* (465 U.S. 555, 1984), in which the Court ruled that the gender discrimination provisions of Title IX of the Education Amendments of 1972 applied only to programs receiving federal financial assistance and not to the entire educational institution. The Civil Rights Restoration Act of 1987 then restored the broad coverage of civil rights laws, making it clear that discrimination is prohibited throughout an entire organization or agency and not just in the program receiving federal assistance.



4. For further discussion of strict scrutiny and the statistical evidence sufficient to justify a conclusion of discrimination, see, for example, Bureau of National Affairs (1989).
5. Other 1989 Supreme Court rulings that changed EEO practices or employment discrimination law include *Lorance v. AT&T* (490 U.S. 900), *Wards Cove Packing Co. v. Atonio* (490 U.S. 642), *Price Waterhouse v. Hopkins* (490 U.S. 228), and *Patterson v. McLean Credit Union* (491 U.S. 164).
6. Some government jurisdictions have special offices (for example, offices or departments of minority and women's business development) that could also provide technical assistance.
7. The Merit Systems Protection Board is also empowered to take remedial action, depending on the circumstances, in EEO cases involving federal employees.

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# Sexual Harassment in the Workplace

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For the past decade and a half, the American public has been hearing about sexual harassment in the public and private sectors from the media. A clear example comes from California. Just five days before California's October 7, 2003, special governor recall election, the *Los Angeles Times* published a story in which a number of women—eventually fifteen—alleged that they had received unwanted sexual advances from Republican gubernatorial contender Arnold Schwarzenegger. This publicity, so close to the election, was dismissed by many voters as last-minute electioneering, and Schwarzenegger easily won election to replace the sitting governor, Gray Davis. The new governor said he was hiring investigators to look into the allegations. A few weeks later, he canceled that investigation.

These charges again raised the questions of what is harassment (as opposed to innocent horseplay) and why it matters. Sexual harassment is a violation of Title VII of the 1964 Civil Rights Act, which prohibits employment discrimination on the basis of sex. If the behavior is unwelcome to the victim and has employment consequences, it is illegal. Many people still struggle with defining it and eliminating it.

On the heels of the California election, a Justice Department report found that “a number of FBI supervisors recently engaged in lewd conduct and improper sexual activity” (Lichtblau, 2003). Private corporations have not been immune from suits regarding unwanted sexual language or acts in the workplace. Perhaps the largest suit was filed against Mitsubishi Motor Manufacturing of America

by more than four hundred female workers at its Illinois plant. The plaintiffs charged that they had been continually sexually harassed with unpleasant verbal comments and suggestions as well as sexually explicit photographs left at their lockers or workstations. In 1998, Mitsubishi entered into a consent decree and agreed to pay \$34 million to the victims of harassment. This was the largest sexual harassment settlement under Title VII (Equal Employment Opportunity Commission, 2001).

The United States armed forces also have experienced sexual harassment complaints. The most glaring incident involved the U.S. Navy's annual Tailhook Association convention of naval aviators. Female officers were forced to run a gauntlet of groping male colleagues. A Pentagon report stressed that this was not an isolated incident (Gordon, 1993). Despite the protest of women in Congress, Admiral Frank B. Kelso II, chief of naval operations, was permitted to retire with all four of his stars (Dowd, 1994). Women had protested his stymieing of the Tailhook investigation.

Since Tailhook, the Navy and the other branches of the armed services have made efforts to lessen instances of sexual harassment among their personnel. In March 1994, the Department of Defense (DoD) established the Defense Equal Opportunity Council (DEOC) Task Force on Discrimination and Sexual Harassment. The task force began three surveys designed to establish baseline data on sexual harassment and concomitantly review pertinent practices. Table 19.1, taken from the first survey, reveals the extent of the problem.

The DoD's second survey showed similar results regarding the frequency of sexual harassment in the armed forces (U.S. Department of Defense, 1995). The second survey used additional categories and broadened the circumstances

**Table 19.1. Sexual Harassment in the Armed Services:  
Percentage of Respondents Reporting at Least One Incident in the Past Year.**

Type of Sexual Harassment	Women		Men	
	1988	1995	1988	1995
Any type	64	55	17	14
Actual or attempted rape or assault	5	4	0	0
Pressure for sexual favors	15	11	2	1
Touching, cornering	38	29	9	6
Looks, gestures	44	37	10	7
Letters, calls	14	12	3	2
Pressure for dates	26	22	3	2
Teasing, jokes	52	44	13	10
Whistles, catcalls	38	23	5	3

Source: U.S. Department of Defense, 1995.

under which harassment could be reported. Of 47,000 respondents, 78 percent of female respondents and 38 percent of male respondents said they had experienced one or more of the behaviors named in the survey within the past year. However, some of the respondents did not consider the activities to be harassment. But 52 percent of females did indicate that they experienced behavior they considered to be sexual harassment (U.S. Department of Defense, 1996).

Despite the increased focus of the DoD on sexual harassment in a military with an increasing number of women, scandal erupted at the U.S. Air Force Academy. "The Air Force, the Pentagon, and an independent commission began investigating dozens of sexual assaults at the Air Force Academy dating back decades" (Kropf, 2003).

Survey results from the military extend to public employment generally. A survey of Illinois public employees using a random sample found that 59 percent of women had experienced some form of sexual harassment (Hoyman and Robinson, 1981, p. 2). Two studies employing random samples of workers for the federal government also demonstrated a considerable problem in the civilian workforce. In its most recent iteration, this study found that 42 percent of female employees had experienced some form of sexual harassment (U.S. Merit Systems Protection Board, 1988; Strickland, 1995, p. 493).

These well-publicized cases document problems that sexual harassment, both actual and potential, is pervasive in both public and private work sites in the United States. Women or men may be subjected to unwelcome verbal or physical advances by coworkers. If such behaviors are unwelcome and affect work status or performance, they are sexual harassment and are therefore illegal. Further, employers who look the other way may incur either punitive or compensatory damages.

However, an employer or a court can have difficulty examining a charge of sexual harassment. Sometimes there are no witnesses, and the case becomes a matter of "he said, she said" (or some variant thereof). Often cases hinge on a one-on-one credibility finding by an arbitrator, judge, or convener of an internal investigation. Yet if a court of law finds that harassment occurred, an employer can be liable even when unaware of the behavior at the time it occurred. In addition, the line between office romance and objectionable behavior may be a fine one. What pushes the behavior over the line? The simple fact that it becomes unwelcome to the complainant makes the difference. Many people have met their future mates at work. How does an employer draw the line and train and monitor workers to ensure that incidents of sexual harassment do not occur?

The problem of sexual harassment is by no means new. Historically, female employees fended for themselves, and "minority women were especially subject to abuse. . . . Refusal of an unwelcome overture could result in retaliation, dismissal, and an unfavorable reference. In the long term, acquiescence presented comparable risks and carried additional social and psychological costs" (Rhode, 1989, p. 231). Various forms of harassment were also tools to maintain occupation

subordination. As Rhode notes, offensive behavior could be used to rid work sites of females, and this may be one reason incidents have continued to occur as women enter nontraditional fields and are employed at all types of work locations. Although men have been and continue to be victims of harassment as well, most of the time the people on the receiving end are women.

The issue of sexual harassment is of importance to public and private employers alike. Since the 1960s, women have entered the workforce in increasing numbers and have increased their presence in nontraditional occupations. And as noted, women are not the sole victims: employees can be harassed by anyone, of the same or the opposite gender. Because all such behavior is inappropriate in the workplace, employer liability is clear.

In the pages that follow, we provide a legal definition of sexual harassment, outline the federal guidelines that deal with it, and offer a précis of relevant court cases. Finally, we offer advice to administrators about how they might address the issue at their job sites to protect both their employees and themselves.

## LEGAL STATUS OF SEXUAL HARASSMENT AND PERTINENT COURT CASES

Judge Howard Smith, a venerable congressman from Virginia, added the word *sex* to the list of affected classes in the 1964 Civil Rights Act. Some feel that Smith acted with sincerity; others take the position that this amendment was meant to kill the legislation. In any case, discrimination in employment based on gender came to be prohibited except in jobs in which gender was a bona fide occupational qualification—for example, employment as an actor playing a certain role or as a sperm donor or wet nurse. Title VII of the 1964 act addressed employment and covers any business employing at least fifteen individuals. Subsequent to the passage of this act, the courts began to treat sexual harassment as a form of sex discrimination under Title VII, and suits began to be filed on a tort basis at the state level.

On September 23, 1980, the Equal Employment Opportunity Commission issued a set of guidelines. These guidelines state that “unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature” will be considered harassment when

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- Such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working environment [Bureau of National Affairs, 1980, p. E-2].

The EEOC guidelines place considerable responsibility on the employer in the event that instances of sexual harassment are established. The EEOC interprets its charge to mean that “employers will be held liable for the acts of supervisors and agents ‘regardless of whether the specific acts alleged were authorized or even forbidden by the employer and regardless of whether the employer knew or should have known of their occurrence’” (Bureau of National Affairs, 1980, p. A-5).

In 1986, in *Meritor Savings Bank, F.S.B. v. Vinson* (477 U.S. 57), the U.S. Supreme Court held as unlawful two different types of sexual harassment claims. First is quid pro quo harassment in which “sexual demands are made specifically in exchange for employment benefits, such as being hired, being promoted or to avoid being fired” (Sherman, 1992). The second category for which the Court established employer liability is hostile work environment harassment. This occurs “when there is a work atmosphere which is so pervasively hostile, offensive, or abusive that it alters or interferes with an employee’s ability to do a job” (Sherman, 1992). The employer in this case attempted to avoid broad liability, but the Court held that it was completely liable under the hostile work environment standard.

Subsequent to the *Meritor* decision, many courts found discrimination to exist in a variety of circumstances. They more readily found strict liability of employers in quid pro quo cases, even when the employer had no knowledge of a supervisor’s comments (see, for example, *Volk v Coler*, 845 F. 2d 1422, 1988; *Henson v. City of Dundee*, 682 F.2d 897, 1982).

How do we know whether an environment is hostile or abusive enough to constitute a hostile atmosphere under the guidelines? There are two benchmarks: “if the conduct is severe or pervasive enough that a reasonable person would find it hostile or abusive (objective standard) and that the complainant finds abusive (subjective standard), then the conduct is pervasive enough to create a hostile environment” (*Harris v. Forklift Systems, Inc.*, 510 U.S. 17, 1993; see also *Brown v. Perry*, 184 F.3d 388, 393, 4th Cir. 1999; Juffras, 2003).

How can an employer know whether the atmosphere is hostile? The following are some relevant questions for employers to use in evaluating whether an environment is hostile or abusive (Harris; Juffras, 2003):

How frequent is discriminatory conduct?

How severe is discriminatory conduct?

Is it physically threatening or humiliating or just an offensive utterance?

Has conduct unreasonably interfered with the complainant’s work performance?

Has the complaint suffered any psychological harm?

The classic case of harassment pertains to a male supervisor offering a female employee a promotion in return for sexual favors. However, a third employee denied a promotion because of sexual favors exchanged between a supervisor and another employee is also construed to be a victim of sexual harassment (*King v.*

*Palmer*, 778 F.2d 878, 1985). The definition of sexual harassment includes homosexual as well as heterosexual activity (*Wright v. Methodist Youth Services*, 311 F. Supp. 307, 1981). And the courts have not limited sexual activity to physical contact alone. It can be strictly verbal, consisting of remarks about someone's personal appearance or private life.

The atmosphere (or environment) standard clearly is the most far-reaching and radical in its implications. It provides the greatest protection to employees and has been applauded by many feminist groups. However, it presents numerous difficulties to employers. They are asked to create a particular work atmosphere not governed solely by their desire for profit or, in the public and nonprofit sectors, their particular service mission. The EEOC guidelines require that employers maintain an atmosphere that does not allow any harassment to interfere with productive labor.

The EEOC guidelines require subjective judgment; they do not set forth clearly recognizable objective behaviors that are forbidden. Therefore, one baseline requirement for determining that a behavior is harassment is whether it results in an employment consequence: promotion or denial of promotion, firing or hiring, positive or negative performance appraisal. However, because the guidelines do not list lawful and unlawful behaviors, often it is a person's perception of behavior that makes it harassment or not.

Nonetheless, any employer covered by Title VII is liable for behavior considered to be harassment by its supervisors, employees, or even nonemployees, unless it takes prompt remedial action. A nonemployee might be a customer or a repair person with whom an employee has to interact. The strictest standards of liability are reserved for supervisors, once again, "regardless of whether the specific acts complained of were authorized or even forbidden by the employer and regardless of whether the employer knew or should have known of their occurrence" (Equal Employment Opportunity Commission, 1980). An employer is responsible for acts of sexual harassment toward an employee by fellow employees when the employer "knew or should have known of the conduct" unless it can be shown that "immediate and appropriate corrective action" had been taken (Equal Employment Opportunity Commission, 1980). In the case of objectionable conduct by nonemployees, liability is more limited and will be assessed case by case. Prompt remedial action to protect employees is viewed favorably by the EEOC. In establishing its guidelines in 1980, the EEOC rejected earlier employer defenses such as "boys will be boys" and "we didn't know our supervisor was doing that" (Hoyman and Robinson, 1981).

The EEOC has received an inordinate amount of complaints. More persons have filed in recent years, perhaps spurred on by the changes in the law made by the Civil Rights Act of 1991. This act allows a jury trial and compensatory and punitive damages in sexual harassment cases. In 1995, the EEOC counted a record number of sexual harassment complaints (15,549), more than double the number filed just five years earlier. California in 1995 had three times its 1990



number (Alger and Flanagan, 1996a, p. 107). Because of this sheer volume, there often are considerable delays in investigation and prosecution (Yang, 1996).

Two cases decided by the U.S. Supreme Court on the same day in 1998 served as important caveats for employees charging sexual harassment and for employers defending themselves from liability. *Burlington Industries v. Ellereth* (524 U.S. 742) and *Faragher v. Boca Raton* (524 U.S. 775) “make clear that employers may be held liable for unlawful harassment committed by their supervisors. Employers must take affirmative steps to prevent harassment and to limit their potential liability.” To do so, an employer must “show that it has exercised reasonable care to prevent and to correct promptly any sexually harassing behavior” (Stoner and Ryan, 2000, p. 1). If the employer can show that a plaintiff did not take advantage of the corrective opportunities provided in an employer’s policy, a case against liability can be made. The plaintiff’s case becomes weaker if a well-established policy is not followed.

In 1999, the EEOC issued new guidelines on sexual harassment, incorporating the Supreme Court rulings in *Burlington Industries* and *Faragher* (Equal Employment Opportunity Commission, 1999a). They reiterate that employers are “‘vicariously liable’ for harassment by supervisors” even if “harassment did not result in a tangible job action.” If it does not, the EEOC guidelines state that “the employer may be able to avoid liability or limit damages by establishing an affirmative defense that includes two necessary elements: (a) the employer exercised reasonable care to prevent and correct promptly any harassing behavior, and (b) the employee unreasonably failed to take advantage of any preventive or corrective opportunities provided by the employer or to avoid harm otherwise” (Equal Employment Opportunity Commission, 1999b). These revised EEOC guidelines highlight the importance of employers having sexual harassment policies and that they be clearly promulgated.

## FREQUENCY OF SEXUAL HARASSMENT

Sexual harassment in the workplace is pervasive. A number of surveys have found that at least half of women respondents have experienced some form of sexual harassment at some time on their jobs. For example, findings from a survey by the Center for Policy Studies and Program Evaluation at Sangamon State University (now the University of Illinois-Springfield) of a random sample of Illinois public employees<sup>1</sup> showed that 59 percent of women respondents had experienced “one or more incidents of sexual harassment in their current place of employment” (Hoyman and Robinson, 1981, p. 2). Table 19.1 elaborates the types of harassment these women encountered. Because the women were asked only about their present jobs, instances of harassment over their entire work lives could have been considerably higher.

Crull’s 1979 survey of women workers found that in 79 percent of the cases of harassment reported, the harasser had the authority to fire the victim (Crull,

1980). In 16 percent of the cases, explicit threats were made when women refused unwanted attention. Although in 76 percent of the cases, women complained to the harasser or another party that they wanted the conduct to stop, 42 percent of those who complained eventually resigned. Crull found that almost every case was accompanied by psychological stress.

Most harassment consists of a male directing undesired attention toward a female. A survey of a large random sample of federal workers found that those most likely to be harassed were under thirty-four years of age and female, single or divorced, very dependent on their jobs, at the low end of the wage spectrum, working as trainees or in nontraditional jobs, and working in a group largely of the opposite sex. Among men, minorities were more likely to be harassed (U.S. Merit Systems Protection Board, 1988, p. 16). Forty percent of women respondents reported having experienced some form of harassment. In a 1988 follow-up study, 42 percent of the women surveyed reported experiences with sexual harassment in some form (Strickland, 1995, p. 493). In addition, the immediate victim may not be the only person negatively affected by the harassment. In one case, a judge allowed a male worker to sue his employer after he claimed that his career was stymied because his wife had filed a sexual harassment claim against the company where they both worked and the company had then retaliated against him (Brady, 1996).

These data clearly indicate that many workers have encountered a form of sexual harassment on their jobs. Given the magnitude of this problem, it is also evident that many instances are never reported, whether out of fear, modesty, or lack of knowledge. Again, there is sometimes a fine line between casual flirting and harassment. The definition is a personal one. One individual may perceive certain words or action as harassment while another individual may be flattered by them. What constitutes harassment may also be culturally bound. As the number of African Americans, Asians, and Latinos in the U.S. workforce increases, subjective views of harassment may present greater variation because different subcultures may not agree on definitions of unacceptable behavior. All these issues of definition necessitate increased supervisory awareness, promulgation of a clear policy, and training for employees.

The EEOC has published data on the number of charge receipts filed and resolved under Title VII concerning sexual harassment. These numbers reflect only instances in which plaintiffs filed complaints with the EEOC. The number of charges increased from 10,532 in 1992 to 14,396 in 2002. The overwhelming majority were filed by females, but 14.9 percent were filed by males in 2002 (Equal Employment Opportunity Commission, 2003).

## IMPACTS OF SEXUAL HARASSMENT

The impacts of sexual harassment are myriad. First, there are repercussions for the victim, both psychological and professional. Second, the accusation alone can

harm the accused harasser; if the accusation turns out to be false, the accused party may suffer damages for which the employer could be held responsible, such as loss of job, blacklisting, or loss of income. Third, a claim of harassment is destructive of the work environment. And there are additional impacts: the high monetary cost to the public sector, the tarnish and possible disgrace that falls on the agency's or bureau's top officials, and the damage to the image of the agency or bureau (or to a product in the private sector).

Lars Bildman, chief executive of the drug company Astra, resigned the day before *Business Week* released the results of a six-month investigation of complaints against him by dozens of women working for the company (Maremont and Sasseen, 1986). Because the person at the top was involved, there was considerable adverse publicity for both him and the company. In such a case, the entire hierarchy might be perceived to be part of a cover-up. One of the first public cases of sexual harassment involved a secretary who worked for the U.S. Department of Justice. She successfully brought suit against her supervisor. Ironically, the Department of Justice had sole responsibility for compliance on this issue before the EEOC became empowered to appear in court on these compliance cases.

Another interesting impact is the dual attitude toward sexual harassment that has emerged in the business community. The private sector is not of one mind about the size of the problem. Some employers, for either ideological or ethical reasons, are making serious efforts to comply, as are those who wish to avoid the potentially high costs of litigation. Some, however, are outraged that the behavior in question has even become an issue. *Forbes* declared, "Of all the crusades Washington ever embarked upon, the current commitment to stamp out sex in the workplace surely ranks among the daffiest" (Alger and Flanagan, 1996b, p. 106). The magazine noted that an employee dismissed for telling dirty jokes could hit the company with a wrongful discharge suit.

## WHAT CAN PUBLIC PERSONNEL MANAGERS DO?

Public personnel managers need to create an atmosphere that makes sexual harassment unlikely. They must make it clear to all that this behavior is undesirable and carries serious consequences. They also need to move quickly and decisively when charges of sexual harassment do arise at one of their work sites (Hoyman and Robinson, 1980). To achieve these ends, personnel managers need to establish the following elements:

- A policy statement prohibiting sexual harassment
- Public promulgation of the statement
- Procedures to be followed by any employee who feels he or she is experiencing sexual harassment and the department to which a claim should be addressed
- A civil service provision prohibiting harassment, if appropriate

- Routine inclusion of information about the sexual harassment policy in new employee orientation and in training for existing employees, including steps to be followed if harassment is perceived to have taken place
- Uniform enforcement of the policy
- A progressive set of disciplinary measures for infractions of the policy
- Training of supervisors
- Training of all employees
- A plan to take prompt remedial action when an allegation occurs, pending an investigation
- An in-house investigation capability
- The availability of alternative dispute resolution devices in order to avoid more costly litigation

Developing a clear policy statement on sexual harassment is the most important first step for public personnel administrators. This policy statement must explicitly mention sexual harassment. A statement forbidding discrimination by race or sex is not sufficient. Defining sexual harassment for the policy statement is not an easy task. However, we feel that the definition should be as broad and inclusive as the legal definition. That definition, as noted earlier, states that sexual harassment is unwanted sexual advances that have one of three employment consequences: submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting that individual, or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment. (A sample harassment and discrimination policy is presented in Exhibit 19.1.)

#### Exhibit 19.1. Athens-Clarke County Government Policy Manual.

<b>SUBJECT:</b> <b>UNLAWFUL HARRASSMENT</b>	<b>POLICY NUMBER:</b> <b>0.00</b>
<b>DISTRIBUTION:</b> <b>ALL EMPLOYEES</b>	<b>DATE:</b> <b>5/01/2004</b>

##### **Purpose**

- To communicate to all employees the Athens-Clarke County Government's policy prohibiting unlawful harassment and discrimination in the workplace.
- To communicate the Athens-Clarke County Government's expectations of supervisory employees to maintain the workplace free from unlawful harassment and discrimination.
- To communicate to all employees their obligation to immediately report allegations of unlawful harassment and discrimination.

##### **Policy**

The Athens-Clarke County Unified Government and all constitutional officers and independent elected officials are committed to a work environment that promotes equal employment opportunities and is free from discriminatory practices, including Unlawful Harassment.

### Exhibit 19.1. Athens-Clarke County Government Policy Manual, Cont'd.

It is illegal and against the policy of the Athens-Clarke County Government for any person to harass, threaten, or intimidate another employee on the basis of their sex, race, religion, disability, national origin, or age. Any employee that believes that he or she has been the subject of such harassment must report the alleged act immediately to their supervisor, their department director, constitutional officer, independent elected official, or the Director of Human Resources. The Department of Human Resources will immediately investigate a complaint. Any supervisor, agent, or employee who has harassed another employee on the basis of their sex, race, religion, disability, national origin, or age will be subject to appropriate disciplinary action up to and including termination.

The Athens-Clarke County Government will not tolerate conduct that constitutes Unlawful Harassment by its employees.

#### Summary

It is illegal and against the policy of the Athens-Clarke County Government for any person to harass, threaten, or intimidate another employee on the basis of their sex, race, religion, disability, national origin, or age.

Employees who believe they have been subjected to sexual or other unlawful harassment or believe they have witnessed such conduct must report this immediately to their immediate supervisor, department director, constitutional officer, independent elected official, or the Director of Human Resources. Any reported allegations of harassment or retaliation will be investigated promptly and confidentially with consideration of those with a need to know. It is extremely important that any unlawful harassment be reported immediately. Failure to report conduct in violation of this policy, or delay in reporting the same, may impede the Athens-Clarke County Government from taking preventive or corrective measures when appropriate.

The Athens-Clarke County Government encourages any employee to raise questions that he or she may have regarding discrimination, retaliation, or harassment with the ACC Human Resources Department. Questions or concerns may be directed to the Human Resources Director or Assistant Human Resources Director.

#### Definitions

Conduct in violation of this policy includes, but is not limited to, the following definitions:

##### A. Unlawful Harassment

1. Unlawful harassment can include, but is not limited to, creating an intimidating, hostile, or offensive working environment for another on the basis of one's sex, race, religion, national origin, disability, or age.
2. Unlawful harassment includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:
  - a. Submission to such conduct is made, directly or indirectly, a term or condition of a person's employment, or
  - b. Submission to or rejection of such conduct by a person is used as the basis for employment decisions affecting the person.
3. Unlawful harassment can include, but is not limited to:
  - a. Verbal Harassment—sexual innuendo, sexually suggestive comments, jokes and/or teasing of an unwelcome nature, discussing sexual exploits, or continued requests for social or sexual contact.
  - b. Physical Harassment—unwelcome contact, touching, or impeding movement.
  - c. Visual Harassment—unwelcome, derogatory, or sexually suggestive posters, videos, cartoons, drawings, pictures, photographs, documents, writings, electronic mail, staring, or leering.
  - d. Sexual Favors—unwanted sexual advances conditioning an employment benefit on an exchange of sexual favors.

- B. Unwelcome—used in the sense that the offended employee did not solicit or incite the conduct and regarded it as undesirable or offensive.

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**Exhibit 19.1. Athens-Clarke County Government Policy Manual, Cont'd.**


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- C. Hostile/Offensive Working Environment—determined based on the particular circumstances, but shall include severe or pervasive written, verbal, or physical conduct directed toward an employee on the basis of one's sex, race, religion, national origin, disability, or age.
- D. Reasonable Person/Victim Standard—based on the victim's perspective, as long as that perspective is reasonable. In determining whether sexually offensive or other unlawful harassing conduct has occurred, it is no defense that the alleged harasser did not intend to harass. It is the impact on the complainant, not the intent of the alleged harasser, that must be evaluated. It is not a requirement that the complainant be the intended target of the offensive conduct. Witnessing offensive behavior between other employees may be grounds for complaint.

**Supervisor/Management Responsibility**

- A. Conduct of a harassing nature by a supervisor is particularly unacceptable and will not be tolerated. Supervisors are strictly prohibited from making any employment decision, directly or indirectly, based on submission to, or rejection of, a request for a sexual favor. Supervisors are also strictly prohibited from engaging in any conduct that could reasonably be construed by another employee as threatening, offensive, or intimidating so as to constitute a hostile working environment in violation of this policy. Any supervisor who engages in such conduct shall be subject to disciplinary action, up to and including termination.
- B. It is the responsibility of each supervisor, department director, constitutional officer, and independent elected official of the Athens-Clarke County Government to maintain a workplace free of sexual and other unlawful harassment. This duty includes discussing this policy with all employees and assuring them that they are not to endure insulting, degrading, or exploitative sexual or unlawful harassing treatment in violation of this policy, and to immediately report perceived violations of this policy.
- C. Any supervisor or employee who retaliates against an individual or a witness for exercising their right to report sexual or other unlawful harassment shall be subject to severe disciplinary action, up to and including termination.

**Employee Rights and Responsibilities**

- A. No employee who, in good faith, exercises their right to make a complaint of sexual or other unlawful harassment will be subjected to any retaliatory act or incur any penalty or adverse consequence. Unlawful harassment in the workplace will not be tolerated and employees who believe they have experienced such harassment, or have witnessed the harassment of another, have an obligation to report such unlawful conduct immediately.
- B. Any employee who knowingly makes a false statement during a sexual or other unlawful harassment investigation will be subject to disciplinary action, up to and including termination.

**Employee Reporting Procedure**

- A. Employees who believe they have been subjected to sexual or other unlawful harassment, or believe they have witnessed such conduct, must report this immediately to their immediate supervisor, department director, constitutional officer, independent elected official, or the Director of Human Resources.
  - B. Any reported allegations of harassment or retaliation will be investigated promptly and thoroughly, and the ongoing investigation shall be confidential, with disclosure only to those who have a legitimate, business-related need to know.
  - C. It is extremely important that any unlawful harassment be reported immediately. Failure to report conduct in violation of this policy, or a delay in the reporting of it, may impede the Athens-Clarke County Government's ability to implement preventive or corrective measures when appropriate.
  - D. Any employee who interferes with or intimidates an individual or witness for exercising their right to report sexual or other unlawful harassment shall be subject to severe disciplinary action, up to and including termination.
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The most important factor here is that the conduct be *unwanted*. This definition encompasses all possible forms of harassment and ensures that the employer mentions all behavior that could violate government guidelines. If an employer's policy statement falls short of the federal guidelines enumerated here, considerable liability could be incurred if litigation took place.

Second, this policy should be posted publicly at the various work sites. Many workers may be reluctant to bring forth charges of harassment, out of either fear for their jobs or reticence to pursue action in this volatile area. Through comprehensive training of both supervisors and employees, it should be made clear that the employer does not desire to have any form of harassment in the workplace and wants to be made aware of any unpleasant situation as soon as it occurs. In this training, that fine line between office romance and harassment must be made clear: sexual harassment is *unwelcome* behavior that interferes with job responsibilities. "No" should mean "no." In addition, the policy should make it clear that the prohibition of harassment applies to both men and women and to interactions between members of the same or the opposite sex. The policy should brand harassment as a serious problem that carries consequences for work performance and potential liability for the employer. This type of training must be continuous. Further, the sexual harassment policy statement should be contained in all employee handbooks and be made part of civil service rules in those jurisdictions with a formal civil service. It can be posted on bulletin boards, in employee lounges or restrooms, and on the work floor. The policy can also be distributed periodically in employees' paycheck envelopes.

The policy must make it clear to whom any harassment must be reported by an employee. There should be two possible avenues. Reporting to one's supervisor is the first, but if the supervisor is the alleged harasser, another party should be clearly identified in the policy. This may be someone in human resources or in another bureau department.

The policy cannot be a statement merely condemning various unwanted forms of sexual behavior on the job. It must indicate where to file a complaint. It must mandate freedom from retaliation. Finally, it must explain the steps of the complaint procedure and the timelines connected to them.

Once an appropriate supervisor is made aware of allegations of improper behavior, management needs to act quickly. The employee making the complaint must be removed from the situation that is causing distress and interfering with job performance, with no loss in benefits.

Agencies and bureaus must practice uniform enforcement of their sexual harassment policy. Rules become worthless when they are not enforced or are enforced differentially. A discharge or disciplinary activity can be overturned when the employer has not enforced the rules uniformly and in all cases. An employer increases its liability when differential treatment can be established.

What is the role of a union in sexual harassment cases? Obviously, if the contract requires that the union be allowed a role in bargaining rules, the union



will have input into the sexual harassment policy or the work rules governing it. However, by far a union's biggest role is that of defending those who have been disciplined. Normally, then, the union is relegated to the role of defending the person accused of harassment. This is quite a challenging role because the union may be the collective bargaining agent for the complainant as well.

Progressive discipline is a sound method for dealing with infractions of the sexual harassment policy. An employee charged with harassment should face a series of successively more severe penalties; thus the first infraction of a rule may not be grounds for discharge unless it is an egregious infraction or has been previously established as a dischargeable offense. Usually, the employee first receives a warning, and our advice is that it be a written warning. In some locations, the first warning is verbal and the second is written. In any case, clear records must be kept of the infractions and the penalties proffered. Due to the ongoing liability of the employer and the vulnerability of the victim, the employee may also be transferred. A second violation might invoke a two-week suspension without pay; the third might bring about a four-week suspension. Warnings would be contained in the written responses to these latter violations. Progressive discipline emphasizes a course of action in response to repetition of the same offense, and the employee is given a chance to change his or her ways. Progressive discipline is a good and just way of handling discipline against a harasser in a unionized or civil service setting. Absent the use of progressive discipline, the employer may not be able to sustain the discipline or discharge of the harasser if the harasser files a complaint to the civil service appeals body or goes to arbitration under the collective bargaining unit. The discharge or nonprogressive disciplinary actions might be seen as a violation of the harasser's rights to due process. In any case, transferring the alleged harasser to another unit would be a wise immediate course.

Some behaviors may be so extreme as to warrant immediate dismissal. Rape falls into that category. For liability considerations if for nothing else, the employer will want to act immediately to terminate the offender or suspend the accused without pay.

If accusations of harassment are permitted to continue and are then found to be true, the governmental entity has placed itself in grave jeopardy. If complaints accumulate, the employer may want to suspend the accused without pay pending an internal investigation and perhaps a criminal or EEOC investigation as well.

To prevent sexual harassment in the workplace, it is important to provide training to all supervisory personnel. Both lower-level supervisors and those on the higher rungs need to have the same information to ensure consistency in their treatment of any incidents and to prevent the reversal of any disciplinary measures. The first-line supervisor, of course, is most critical in the enforcement of the bureau's or agency's policy. It is the first-line supervisor who can condemn or condone an atmosphere that tolerates harassment.

The Supreme Court's adoption of the hostile environment standard has increased the importance of educating employees as to what constitutes unlaw-



ful or offensive behavior. Naturally, the training should address basic dos and don'ts. But as mentioned in relation to establishing a policy, it also has to explain where the line between flirtation or romance and unwanted behavior lies. In addition to familiarizing all employees with the main facets of bureau or agency policy, it should give them a clear idea of what discipline to expect for a first minor infraction, for repeated infractions, and for a severe infraction. Role-playing or sensitivity sessions may be useful in raising employees' awareness of others' perceptions or feelings. Because fear or shame has probably led to a significant underreporting of various forms of sexual harassment, training sessions and other reminders should encourage victims to come forward when genuine problems exist.

Employers will have to develop an internal mechanism to investigate complaints of harassment. This mechanism should embody speed, thoroughness, objectivity, and due process. Speed is important because liability may be ongoing. Any investigation should be as thorough as possible in order to accurately reveal the parties at fault and identify any broader problem beyond the precipitating event. Objectivity, of course, is important but often difficult to achieve. All the witnesses will be acquainted and generally partial to one side or the other. Defenses of illegal behavior may be offered by friends, fellow workers, or supervisors. They may close ranks, claiming that the behavior is just "par for the course." Such justifications do not exonerate the employer if the employee found the behavior unwelcome and had a tangible employment consequence.

Because findings often come down to a judgment of one person's credibility over another's and because internal neutrality is sometimes difficult to obtain, an outside party may be employed to investigate and do fact-finding on the recommendation of counsel. This person will not be familiar with the parties in the case and may be an arbitrator or equal employment opportunity specialist. The employer will still select the punishment or remedy. Information regarding the course of an investigation for harassment can become part of a public employer's normal grievance procedure. Obviously, a completely detached investigation is the most credible and will be viewed as such by the EEOC or state agency if it reexamines the charge. Therefore, a public employer may want to keep a roster of EEO-qualified arbitrators to resolve such disputes. However, barring that, use of a regularly trained labor arbitrator with no EEOC experience and the use of contractual standards under the collective bargaining agreement rather than the external legal standards does not constitute a full and fair investigation, according to the 1999 EEOC guidelines. The advantages of arbitration are that it produces a final and binding result and is less costly and faster than litigation.

Several studies have looked at the role of arbitration in unionized settings in sexual harassment grievances. Elkiss (1987) studied eighty-three sexual harassment cases. She found that the arbitrator sustained the discipline in over 50 percent of the cases. This is similar to findings regarding arbitration in other

areas, measured in a random sample, where the grievant prevailed 57 percent of the time (Hoyman and Crews, 1996; see also Hauck, 1995).

## CONCLUSION

Sexual harassment is a major workforce problem. If harassment creates a quid pro quo situation or if an environment hostile to work performance is created, employers may be held liable. Although court decisions in this area have varied, the U.S. Supreme Court has made it clear that sexual harassment constitutes sex discrimination and is not lawful. Employers need to understand the gravity of the problem and must, to protect themselves and their employees, create policies that define and try to prevent sexual harassment, take action to create a work atmosphere that does not tolerate offensive behavior, follow up any allegations promptly, and put in place disciplinary measures to deal with perpetrators. These actions must be accompanied by training, investigative capability, and possible use of outside resources. The gravity of the problem has to be appreciated by all employers and especially those who hire women in nontraditional jobs.

## Note

1. The Sangamon survey and the 1981 survey of federal employees used random samples. Subsequent surveys in both private and public settings often used convenience samples and therefore are less scientific. In addition, the Sangamon study remains an excellent data source because all strata of occupations are represented.

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# Understanding the Americans with Disabilities Act

David Pfeiffer

On July 26, 1990, President George H. W. Bush signed into law the Americans with Disabilities Act (ADA). This act fulfilled a campaign promise made in 1988. Some observers said, based on public polling results before and after the 1988 election, that this promise caused a sufficient number of persons with disabilities to switch their vote from Michael Dukakis to Bush to provide Bush's winning margin, or at least a major part of it. The irony of the 1988 election is that by the mid-1980s, Dukakis's home state of Massachusetts had the strongest laws of any state protecting the rights of people with disabilities. It also had one of the five (later six) state constitutions that had been amended to protect those rights. However, Dukakis failed, both in his presidential campaign and in his home state, to use those facts in any way at all.

As a result of the speculation that people with disabilities gave Bush all or a large part of his winning margin, in the 1992 and 1996 presidential campaigns both major parties paid attention to the issues relevant to the community of people with disabilities. Some observers say that people with disabilities are today

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David Pfeiffer passed away in December 2003 shortly after submitting this chapter. The chapter represents the culmination of his scholarship in the field. David was an authority on the Americans with Disabilities Act and will be sorely missed by his many friends, colleagues, and students. The editor is grateful to Paul Hardy of the University of Georgia's Carl Vinson Institute of Government for providing review and commentary on this chapter.

major players in presidential politics. Whether that is true or not, meeting the provisions of the ADA is now a significant part of human resource management.

Let it be clear at the outset that the ADA does not apply to the federal government. However, parts of the executive branch and parts of Congress promulgated policy that accepts as much of the ADA as possible. For example, Congress has rules governing the hiring of staff personnel. These rules prohibit discrimination on the basis of several things, including disability.

There are other federal statutes besides the ADA that are intended to protect the rights of people with disabilities. For example, the Rehabilitation Act of 1973 as amended contains section 504, which prohibits discrimination based on a disability and does apply to the executive branch of the federal government as well as all entities that have accepted federal funding, including all fifty states, all six territories, and virtually every local government. There are also civil service regulations that protect federal employees from such discrimination. These provisions are not discussed in this chapter.

The ADA does apply to the private sector, including nonprofit organizations, with some exemptions for religious reasons. Corporations owned by an Indian tribe and any nonprofit private membership club are also exempt. It does apply to state and local governments, including townships, counties, cities, and special districts.

The passage of the ADA represents the maturing of the disability movement in the United States. Through the end of World War II, disparate groups of people with disabilities and their family members sought new policies and programs. But after a number of World War II veterans returned disabled, the disability movement took on a new image. Rather than simply seeking services, it began to challenge society about the way in which persons with disabilities were viewed and treated.

Disabled veterans, because they were veterans, provided more clout for the movement. Still, however, most policies were crafted and programs implemented by persons without disabilities. Not until the 1970s was there a critical mass of advocates who were themselves disabled. The White House Conference on Handicapped Individuals in 1977 gave recognition to that fact. The regulations implementing the Rehabilitation Act of 1973 containing section 504 were also promulgated in 1977, four years after the passage of the statute. Political demonstrations and protesters' occupation of the western regional and national offices of the then-named U.S. Department of Health, Education and Welfare gave evidence that the disability movement knew how to apply pressure to the system.

During the 1980s, a number of federal and state laws were passed in order to protect the rights of people with disabilities. In November 1980, Massachusetts incorporated almost the exact wording of section 504 into its state constitution as Amendment 114. Using this constitutional amendment as a base, the

disability movement in Massachusetts obtained passage of the state's Public Accommodations Law, Employment Discrimination Law, and other related laws and strengthened the Architectural Accessibility Law. All of this legislation had been recommended by the White House conference.

On the federal level, a number of laws recommended by the White House conference were passed. The Voting Accessibility for the Elderly and Handicapped Act of 1984, revisions of the special education laws (now incorporated into the Individuals with Disabilities Education Act), the Air Carrier Access Act of 1986, and the 1988 amendments to the Fair Housing Act all embody recommendations from the White House conference.

One of the strongest recommendations of the conference was to amend the 1964 Civil Rights Act to include persons with disabilities. In the mid-1980s, the National Council on Disability (also created as a result of the White House conference) started a series of investigations that led to the publication of reports stressing the need to protect the civil liberties of people with disabilities. Out of this activity came the Americans with Disabilities Act, which was finally passed in 1990.

Many advocates for disability rights now say that the ADA has lost its effectiveness because of U.S. Supreme Court decisions and the willingness of lower federal courts and state courts to conform to those rulings. Ruth O'Brien's book *Crippled Justice: The History of Modern Disability Policy in the Workplace* (2001) traces this development back to the mind-set of the individuals who created today's vocational rehabilitation for everyone (not just disabled veterans and injured industrial workers) during and immediately after World War II. The creators of the present-day rehabilitation system had a perspective that O'Brien calls the "whole man theory." According to this view, the main problem for people with disabilities was that they had a maladjusted personality characterized by hostility deriving from their frustrations with physical and mental impairments. People with disabilities were to undergo an attitudinal adjustment that would then make them normal. It would make each of them a complete (whole) person who then could be employed. Employment, the normal social role of people, was the object of the rehabilitation system.

However, it was neither their impairments nor the attitudes of fear and pity held by others in society that prevented individuals with disabilities from being hired or from being active citizens. It was the maladjustment of the creators of vocational rehabilitation (O'Brien, 2001). The ADA appeared to overcome this prejudicial approach, but when the courts ruled on actions deemed discriminatory, they adopted the perspective (still found in U.S. society) that there were "worthy" persons with disabilities (disabled veterans, industrial accident casualties) and "other" persons with disabilities such as those who were injured during irresponsible activity.

According to the view of the courts and implied in their decisions, people with disabilities who sued under the ADA had to be among the individuals who

needed and deserved protection, even though the ADA has no moral implications in it of this type. The courts first made the person with a disability prove that he or she was sufficiently disabled to qualify for protection under the ADA. Having done that, the person with a disability ended up substantiating that he or she was too disabled to work (O'Brien, 2001).

In addition, the courts tended to accept the word of the employer rather than the individual with a disability, which led advocates to object that the courts were biased. To support their contention that the ADA is largely a tool for employers to avoid being found in violation of the law, advocates turn to statistics about the outcome of the cases. The American Bar Association's Commission on Mental and Physical Disability (2002) carried out a survey over the period 1992 to 1997 and each year since then determining, among other things, the disposition of district court cases filed under Title I. Consistently, the commission found that employers won most of the cases—fully 95 percent of the victories in 2002. The commission's survey of Equal Employment Opportunity Commission (EEOC) decisions found that employers won 78 percent of the cases in 2002.

However, the advocates—understandably—do not pay attention to the anecdotal data, which say that many employers agree to changes for employees because they do not want to pay legal fees and because an outcome in favor of the employee appears to be fairly certain, given the facts. (For further elaboration of these points, see Russell, 1998; Johnson, 2003; Lathrop, 2003; and Switzer, 2003.)

## OVERVIEW OF THE AMERICANS WITH DISABILITIES ACT OF 1990

Title I of the Americans with Disabilities Act extends the nondiscrimination provisions found in section 504 of the earlier Rehabilitation Act of 1973 to the private sector. Under section 504, any program or activity receiving federal financial assistance is prohibited from discriminating against an otherwise qualified person on the basis of disability. Generally, however, only public entities (states, territories, local governments, and instrumentalities created by them) came under this prohibition. Title I extended this protection for people with disabilities to the private sector.

### Reasons for the ADA

As just outlined, the ADA is deeply rooted in the history of the disability movement (Mayerson, 1993; Pfeiffer, 1993; Watson, 1993; West, 1993). Before the 1980s, federal and state policies consigned people with disabilities to second-class (or worse) citizenship through exclusion, segregation, and denial of equal protection. The ADA is an attempt to change this situation.



Although statistics depend on definitions, all sources agree that the unemployment rate for people with disabilities is at least 40 percent and may be as high as 80 percent. In terms of income, some 80 percent of persons with disabilities earn less than the nation's median income, and some 60 percent fall below the poverty level no matter which definition is used. In terms of housing and education, persons with disabilities are worse off than the nondisabled (Barnartt and Christiansen, 1985; Pfeiffer, 1990, 1991; U.S. Census Bureau, 1993). Persons with disabilities are viewed as one of the primary disadvantaged groups in the United States (Young, 1990).

In passing the ADA, Congress found discrimination on the basis of a disability to be a serious problem in most areas of society, including employment. This discrimination, Congress found, violates the equal protection and due process rights of persons with disabilities and is unnecessarily costly in terms of tax dollars spent and lost tax revenues. Congress therefore provided a clear mandate in the ADA to eliminate this discrimination.

### **Definition of Disability**

Disability is often defined by whether or not a person can carry out the so-called normal activities of daily living. This functional definition underlies only part of the ADA definition, and it has many problems of interpretation. For example, what is the normal way of moving about: by car, by public transportation, by bicycle, by wheelchair, or by foot? What is the normal way of working? With all the people who do not work at 9-to-5 jobs or who have unusual occupations, how can one arrive at a statement of a "normal" way of working? To define disability on the basis of normal activities only is to perpetuate discrimination.

For this and other reasons, disability is defined in the ADA as "(A) a physical or mental impairment that substantially limits one or more of the major life activities of such individual; (B) a record of such an impairment; or (C) being regarded as having such an impairment." Major life activities include the ability to walk, talk, see, hear, breathe, care for oneself, learn, work, perform manual tasks, socialize, and be active in the community. Having "a record of such an impairment" covers individuals who have recovered from some condition or illness or who were misclassified as disabled. Being "regarded as having such an impairment" covers individuals who are perceived as disabled when they are not. There is no mention of "normal" in this definition.

### **What Title I Says**

Title I says that no employer (of fifteen or more persons in the private sector) "shall discriminate against a qualified individual with a disability because of the disability of such individual in regard to job application procedures, the hiring, advancement, or discharge of employees, employee compensation, job training, and other terms, conditions, and privileges of employment." Employ-



ment agencies, labor organizations, and joint labor-management committees are also covered by this prohibition. Exceptions are corporations owned by an Indian tribe, nonprofit private membership clubs, and religious groups carrying out purely religious activities. Although the services and programs of state, territorial, and local governments are primarily covered by Title II, these governments, as employers, are also covered under Title I.

A “qualified individual with a disability” is one who can perform the essential functions of the job. It does not matter whether or not the person requires or has a “reasonable accommodation” (defined later in this chapter). If the person can perform the essential functions (perhaps with a reasonable accommodation), he or she is qualified.

Title I also prohibits discrimination against anyone on the basis of association with a person with a disability. This means that a person must not be discriminated against because a spouse, child, family member, or friend is disabled.

### Role of Title I Regulations

Almost all federal statutes have accompanying regulations. These regulations are drawn up by the agency in charge of implementing the law and usually promulgated by the cabinet secretary or independent agency administrator in charge. They are the way in which the law will be enforced, and human resource managers should be aware of the regulations relating to relevant acts and understand their purpose and how they might change.

The regulations are of most use to the agency, but they are also a valuable source of information to the persons subject to the law. For example, the ADA regulations contain examples of disabilities and examples and discussions of reasonable accommodations and other topics. They and other documents with examples serve to interpret and, it is hoped, clarify any ambiguity in the law. However, they must conform to the law. Sometimes courts find that regulations are written in ways that contradict the law, and these regulations are struck down.

The EEOC, which implements and enforces Title I, published its related regulations (1997b) with an appendix titled “Interpretive Guidance on Title I of the Americans with Disabilities Act.” The statute uses the term “essential functions” to help define who is otherwise qualified for a position but does not define it. In the regulations themselves, this term is defined and discussed, and it is discussed further in the appendix.

The appendix can be changed quite easily by the EEOC. However, any change in the regulations must be publicly announced with sufficient time before it takes effect for persons to make written comments. These comments must be answered or somehow dealt with. Only then can the change become part of the regulation, sometimes after a further period for comments.

One agency can incorporate another agency’s regulations into its own. For example, the Department of Justice, which implements and enforces Title II in

public entities, says that the EEOC regulations are to be used by public entities in regard to employment (U.S. Department of Justice, 1997). And agencies can issue joint regulations. The EEOC and the Department of Labor's Office of Federal Contract Compliance, for example, have published joint regulations for filing charges of discrimination against a government contractor (Equal Employment Opportunity Commission, 1997a).

### Impact of the Other Titles of the ADA

There are five parts, or titles, in the ADA. Title I, as mentioned, covers employment discrimination in the private sector and in the public sector for state and local government. Title II covers discrimination in public services provided by state and local governments and anything created by them, such as regional compacts and local school boards. Territorial governments have a unique position because some of the territories became a part of the United States with special provisions. For example, in American Samoa, the ADA is effective only if the territorial legislature has accepted it. Title II also gives special attention to public transportation authorities and transit systems run by private entities to serve the public on behalf of a public entity.

Title III covers public accommodations. A *public accommodation* is any locale that is open to the public, such as a restaurant, store, recreation facility, or town hall. Title III has no distinct impact on employment. Anything it might require with regard to employment is already required under the first two titles. However, Title III applies to any public accommodation owned or managed by a state or local government.

Title IV requires that every state establish a relay system so that persons who use a text telephone (TTY) can call a central number and be connected with an operator who answers with a text telephone. That operator can then place a call to a hearing person and convey the messages back and forth. (Many persons use the term TDD, for "telecommunication device for the deaf," for this device. The community of persons using these devices prefers TTY, for "teletypewriter," the original name of the device.) Title IV's requirement may have a positive impact on employment in the sense that an employee can use the system to place work-related phone calls. However, a person who has a job that requires extensive, direct telephone conversations—telemarketing, for example—may not benefit at all from a relay system.

Title V has a number of miscellaneous provisions. One prohibits retaliation against, interference with, or coercion or intimidation of anyone exercising a right or assisting (testifying, for example) in any proceeding under the ADA. Another provision states that a person with a disability who is a current illegal user of drugs is not protected in the case of an action based on that illegal drug use.

Title V also states that homosexuality and bisexuality are not impairments and that the following conditions are not disabilities: "(1) transvestism, transsexual-

ism, pedophilia, exhibitionism, voyeurism, gender identity disorders not resulting from physical impairments, or other sexual behavior disorders; (2) compulsive gambling, kleptomania, or pyromania; or (3) psychoactive substance use disorders resulting from current illegal use of drugs.”

### **The Value of Legal Counsel**

Although the basic principle of nondiscrimination is quite clear, its application in various circumstances can be complicated. In addition, as with any nondiscrimination law, a number of provisions require judicial interpretation when new circumstances or complex situations are encountered. Therefore, it is essential that the human resource manager establish open communication and trust with an organization’s legal counsel.

Anytime a charge of discrimination is made, and especially before any formal action is taken, legal counsel should be informed. It may be that sufficient procedures have been established in the human resource function and that under these procedures, legal counsel is consulted only at a certain level of seriousness, but communication with that counsel must be easily and clearly available. The circumstances will then dictate the actions.

Questions of court procedure and rules of evidence can be very arcane. Lawyers are trained to know and to use these procedures and rules. It is probably wise to err on the side of communicating with legal counsel too early than to wait and risk being too late.

## **CASE LAW**

It is both difficult and easy to cite case law applicable to the ADA. It is difficult because so many decisions are not clear or are made from an unreal perspective. They either miss the point of the ADA—it is a civil rights statute and not a benefits law—or base the decision on irrelevant information. At the same time, it is easy because the U.S. Supreme Court is the final decision maker in the judicial system, and there are comparatively few Supreme Court cases on the ADA, especially when compared to the many lower federal court and state court decisions concerning ADA. However, lower court decisions are seldom appealed to the Supreme Court, so often there is no authoritative case law on a particular issue. Furthermore, many ADA cases are settled either before trial or in many instances before a suit is filed.

Because any lower court decision (including state supreme court decisions) involving the ADA can be reversed upon appeal, only U.S. Supreme Court decisions will be reviewed here. This restriction is important for two reasons. The first is that a U.S. Supreme Court decision is unlikely to be overturned by a later Supreme Court. And federal district court decisions that are not overturned upon

appeal are binding only in that federal district. Further, federal appellate court decisions are binding only in the federal appellate district where the court is located. At present, certain federal appellate courts always seem to have their ADA decisions supported by the U.S. Supreme Court and others often have their decisions reversed.

The second reason to restrict case law reviews to decisions of the U.S. Supreme Court is that many areas of the law—and the ADA is no exception—are complex. Decisions may turn on things that to the nonlawyer may appear to be irrelevant. As noted earlier, courts at all levels in the United States approach the ADA not as civil rights law but as a law that grants benefits. Because of this view, the definition of who is disabled and therefore who should be entitled to use the ADA receives considerable attention.

There are two reasons why the courts approach the ADA as a law that grants benefits to a specific group. Disability law and especially disability discrimination law originated with persons who held a *deficit* view of disability. That is, a person with a disability *lacked* something, and it was appropriate that the state provide a remedy, either by education or by services (or both). The original civil rights law for people with disabilities (section 504 of the Rehabilitation Act of 1973) was contained in legislation supporting and enlarging the disability rehabilitation programs. These laws did provide benefits for disabled individuals that nondisabled people could not obtain. Not until the ADA was there a clear civil rights law, but it was difficult, if not impossible, for the courts (and in most cases, the lawyers also) to recognize this fact.

The courts, for example, make the person with a disability prove that he or she is disabled and therefore qualifies for a reasonable accommodation under the ADA. In reality, a reasonable accommodation is evidence on behalf of an employer of nondiscrimination, a defense against the charge of discrimination. If the employer can prove that a reasonable accommodation was offered, the employer wins.

Further, the courts have refused to recognize that discrimination based on disability is as pernicious as that based on race, religion, ethnic origin, or gender. In *Sutton v. United Airlines* (527 U.S. 471, 1999), Justice Sandra Day O'Connor—in a majority opinion—maintained that if a person with a disability had mitigating circumstances that allowed the person to function in a normal way, then the person was not disabled. In the *Sutton* case, the “mitigating circumstance” was assistive technology, glasses that corrected nearsightedness.

O'Connor refused to require strict scrutiny: “The definition of disability also requires that disabilities be evaluated ‘with respect to an individual’ and be determined based on whether an impairment substantially limits the ‘major life activities of such individual.’ . . . Thus, whether a person has a disability under the ADA is an individualized inquiry.” In other words, there may have been ac-

tions that in other circumstances would be declared discriminatory but that in a specific case the Court did not regard as prohibited discrimination.

Unlike allegations of discrimination based on race and gender, which require close attention to the facts to ascertain that the action did not involve race or gender, discrimination allegations that involve the existence of a disability receive light review. Under strict scrutiny, the person accused of discrimination must prove that race or gender was *not* involved. Under the lower standard, the person who complains of discrimination based on disability must prove beyond a doubt that the action was discriminatory. This approach itself is regarded as discriminatory by advocates.

As already noted, relatively few ADA decisions have been rendered by the U.S. Supreme Court. Many of the cases presented in the next sections were remanded to a lower court for further proceedings, and the Supreme Court may never see them or agree to see them again; therefore, the Court may not have ruled on every issue in the case. Let it be emphasized that if an agency head or public official decides to sue or is sued, the person must promptly consult legal counsel. The outcome of such suits can result in monetary damages and embarrassment to the government (local or state), both of which can be avoided. If the agency or public official was correct in bringing action, competent legal counsel can win the case. If the action was wrong or dubious, mediation and settlement will be the way to go.

The case law presented here is for general information only. I am not a lawyer (I am a policy analyst specializing in disability issues), and this chapter is not a legal treatise. It does, however, accurately reflect the decisions of the U.S. Supreme Court regarding the legal issues involved.

## Title I Decisions

More U.S. Supreme Court decisions have focused on Title I than on any other title of the ADA. This is understandable because section 504 was applicable almost exclusively to the public sector. Some, but not many, employers in the private sector were recipients of federal funding and came under section 504. Under federal law in the private sector before the ADA, it was legal to refuse to hire, fire, promote, and or provide benefits given to other employees solely on the basis of disability. There were state laws prohibiting these actions in some states, but generally, people with disabilities had none of the protections afforded other groups who experienced discrimination.

Because the courts generally regarded the ADA as a benefits law, the question of qualifying was usually raised by the employer. Many employers' legal counsels saw this question as the soft spot of the ADA, and that it remains. At the time of this writing, the Court had decided four cases on the definition of a person with a disability.

The earliest one was *Bragdon v. Abbott* (524 U.S. 624, 1998). In a 5–4 decision, the Court held that a person’s asymptomatic HIV infection was a disability under the ADA because it substantially limited the person’s major life activity of reproduction. Advocates hailed the decision because it appeared to be a broad interpretation of the law. However, the next two decisions went in the opposite direction.

In *Murphy v. UPS* (527 U.S. 516, 1999), the Court, in a 7–2 decision, said that mitigating measures must be taken into consideration when determining whether a person did or did not fit the definition of having a disability. In this case, an individual with high blood pressure was held not to be disabled because it could be controlled by medicine.

In *Sutton v. United Air Lines* (527 U.S. 471, 1999), in a 7–2 decision, the Court said that twin sisters who were severely myopic (nearsighted) and were denied employment were not disabled as defined by the ADA because corrective lenses allowed them to function the same as people without severe myopia. Advocates protested that the Court was not even allowing the plaintiffs (in *Sutton* or in *Murphy*) to argue their case because it was dismissed before the issue of discrimination was even examined.

In the next case, *Toyota v. Williams* (534 U.S. 184, 2002), a 9–0 decision, advocates felt that the Court went over the edge. In this case, the Court said that a person’s carpal tunnel syndrome and related impairments did not qualify her as a person with a disability under the ADA. Even though the person could not carry out the work at the Toyota factory and had her physician’s backing for a different job, she could perform manual tasks such as brushing her teeth and light housework. Therefore, she was not disabled under the ADA because she could carry out major life activities, including some other job.

The result of these four cases, some persons contend, is that to qualify under the ADA, an individual in an employment discrimination case must prove that he or she is so disabled as to not to be able to perform any work or major life activity. In that case, it is said, the person would not be able to perform the essential functions of the job, which is necessary to be able to sue for job discrimination based on disability under the ADA.

In *Chevron v. Echazabal* (536 U.S. 73, 2002), a 9–0 decision, the Court upheld an Equal Employment Opportunity Commission regulation that allowed an employer to refuse to hire a person with a disability on the grounds that the disability would be a direct threat to the person’s own safety in the workplace. Advocates objected that the person with the disability, like other persons protected from discrimination on other grounds, had the right to make that decision, not the company.

In *US Airways v. Barnett* (535 U.S. 391, 2002), in a 5–4 decision, the Court ruled that if the employer showed that a requested accommodation, by an employee with a disability, conflicted with accepted business practices, in this case

a seniority rule, it was usually sufficient to establish that an accommodation was not “reasonable” under the ADA.

In *Albertson’s v. Kirkingburg* (527 U.S. 555, 1999), a 9–0 decision, the Court ruled that an employer was allowed to enforce a federal standard that would lead to the firing of an employee with a disability, even though the employee had a waiver of that standard under an experimental federal program.

In *EEOC v. Arabian American Oil Co.* (499 U.S. 244, 1991), in a 6–3 decision, the Court held that Title VII of the Civil Rights Act of 1964 did not apply to employment practices of U.S. companies abroad. Because the ADA contains the same language and is dependent on Title VII for remedies, the ADA does not apply abroad.

In what is considered the most grievous decision of all, the Court in *Board of Trustees of the University of Alabama v. Garrett* (531 U.S. 356, 2001), a 5–4 decision, held that state employees could not sue for monetary damages from the state under Title I of the ADA in a federal court because the Eleventh Amendment to the U.S. Constitution maintained the state’s sovereign immunity. Only if there were a consistent pattern of disability discrimination by state government could Congress, using the Fourteenth Amendment, waive the state’s sovereign immunity. To the consternation of the disability community and several Supreme Court justices, the Court refused to recognize such a pattern (as it did with racial and gender and sometimes religious discrimination) in spite of the evidence presented. As many lawyers will say, do not bother to sue if there is no possibility of collecting damages because in that case there is no penalty against the party that discriminated. (See *Nevada Department of Human Resources v. Hibbs*, 538 U.S. 721, 2003, for the most recent interpretation of the *Garrett* case at the time of this writing.)

The state as an employer can still be found to have discriminated on the basis of disability under Title I of the ADA. The employee can then obtain a restraining order to prevent it from happening again and have the state held in contempt of court if the state again discriminates. In addition, the employee *may* be able to recover damages from the state official who did the discriminating. Further, local governments cannot claim the sovereign immunity of the state government and can be sued for damages. In any event, the U.S. Supreme Court sent the case back to the federal district court for further proceedings. Garrett, the state employee with a disability, then advanced an argument based on section 504 but lost. Upon appeal in 2003, the federal appellate court reversed and agreed with Garrett. This issue has not yet been resolved.

In summary, in regard to Title I, many people argue that by restricting the definition of disability, by allowing the company (and not the person, as with other types of discrimination) to decide if a disability is life-threatening to the person, by allowing accepted business practices to come before a requested accommodation, by upholding a federal standard other than one embodied in the



ADA, by striking down the application of the ADA outside of the boundaries of the United States (such as in an embassy abroad), and by refusing to recognize a pervasive pattern of discrimination by state and local governments, the Court has so narrowed the ADA in regard to employment discrimination as to make it useless. The question remains unsettled.

### Title II Decisions

Although *Garrett* is very important in relation to state discrimination based on disability, in regard to employment it is a Title I case. Title II forbids discrimination in the delivery of services by states.

In the first Title II case, *Pennsylvania v. Yeskey* (524 U.S. 206, 1998), a 9–0 decision, the Court said that Title II of the ADA applied to state prison inmates. This result was very encouraging to advocates.

Even more encouraging was *Olmstead v. L.C.* (527 U.S. 581, 1999), a 6–3 decision, in which the Court held that under Title II, the state had to provide community placement and treatment to persons with mental disabilities. Previously, these could be provided in state institutions. The decision was hailed as a great victory, but there were limitations. The person with a disability had to request such treatment, and professional opinion had to support it.

Then came a case that advocates regard as a reversal of the direction represented by the *Olmstead* case. In *Barnes v. Gorman* (536 U.S. 181, 2002), a 6–3 decision, the Court said that punitive damages could not be awarded in a private action against a municipality for discrimination under the ADA. Actual or compensatory damages are for a proven injury or loss. Punitive damages are additional money awarded if it is shown that the party discriminating did so with malice, recklessness, or deception. As the name implies, punitive damages are intended to punish and to deter future behavior of a discriminatory nature.

In Title I of the ADA, the remedies are said to be those available under Title VII of the Civil Rights Act of 1964. The Civil Rights Act was amended in 1991, and more specific standards were set. Punitive damages are available only if the employer's actions were done with malice or with reckless indifference to federally protected rights. However, both types of damages are excluded if the employer made a "good faith effort" to provide a reasonable accommodation. Lacking such language in Title II, the Court adopted it from Title I and ruled against punitive damages in this case. Advocates contend that malice and reckless indifference are almost impossible to prove, especially, as in this case, if it is a municipality that is being sued. In government agencies, responsibility is often quite diffuse.

In summary, in regard to Title II, although states may be found to have violated the ADA (and not have to pay damages) and although local governments cannot claim sovereign immunity, there is no practical way to enforce Title II.



### Title III Decisions

The Supreme Court has handed down only one Title III decision: *PGA Tour, Inc. v. Martin* (532 U.S. 661, 2001). In a 7–2 decision, the Court held that the rules of a private organization must not violate the ADA by discriminating against a member who happens to be disabled but is otherwise qualified. The rules must also be reasonable.

### Title IV and Title V Decisions

Through the end of 2003, no U.S. Supreme Court cases had revolved directly around Titles IV and V. These titles are mentioned in some of the other cases, but they play a very minor part in the decision.

Further discussion of the cases described here and many others can be found in the National Council on Disability's *Supreme Court Decisions Interpreting the Americans with Disabilities Act* (2002). For earlier case law on disability discrimination, see Colker (1995, 1996).

## IMPLEMENTATION OF THE AMERICANS WITH DISABILITIES ACT

State, territorial, and local governments in the United States have implemented the ADA. Although some governments had already accomplished many of the ADA goals prior to the act's implementation, a remarkable amount has been achieved in these governments thanks to the ADA.

### State and Territorial Governments

Surveys (Pfeiffer and Finn, 1995, 1997) using a sample of forty-four states and three territories showed the extent of ADA implementation during its first decade. They revealed that 63 percent of the states and territories had an ADA coordinator and that 58 percent had completed the self-evaluation of policies and physical plant regarding discrimination, with another 20 percent saying it was in process. Although not every entity was required to do so, 76 percent said that they had completed a transition plan of how required changes would be done, and another 9 percent had it in process.

Most states and territories had completed an access survey of major state offices, with the number varying from 76 percent to 96 percent, depending on the facility. A TTY had been installed in major facilities, again depending on the facility, by 56 percent to 84 percent of the states and territories. Sign language interpreters were provided on request by 98 percent of states and territories, and 91 percent provided material in alternative formats. A reasonable accommodation

had been provided by 87 percent of the states and territories. ADA and disability awareness training was provided by 75 percent.

### Local Governments

Pfeiffer and Finn (1995, 1997) found that an ADA coordinator existed in 65 percent of the local governments. The self-evaluation had been completed by 70 percent and the transition plan by 66 percent. Again, not every local government had to complete a transition plan. Some 88 to 95 percent of major facilities had completed access surveys, depending on the type of facility. TTYs were installed in these major facilities by as few as 15 percent of schools but in as many as 73 percent of police stations.

Sign language interpreters were provided by 65 percent of the local governments, and 36 percent provided materials in alternative formats. A reasonable accommodation was provided by 39 percent.

### Implications

What these statistics show—along with others presented by Pfeiffer and Finn (1995, 1997) and by Condrey and Brudney (1998)—is that many states and a lesser but significant percentage of local governments are taking steps to remove discriminatory barriers and policies. Although it will take time to identify and remove all barriers, the ADA is having a significant impact on U.S. society.

Some commentators say that because the unemployment rate of persons with disabilities remains high, the ADA must not be working. However, a decade after the enactment of the Civil Rights Act of 1964, the unemployment rate of African Americans remained high. This fact was taken to mean that discriminatory attitudes remained. Today's high unemployment rate for people with disabilities must be viewed in the same way. Attitudinal barriers are just as common as architectural and sensory barriers, and all three adversely affect the rate of unemployment of people with disabilities.

## REASONABLE ACCOMMODATIONS

One of the ways in which an employer can avoid the legal penalties of discrimination under the ADA is to work out an accommodation with the employee with a disability. There are generally three considerations: the accommodation must be reasonable, it must not present an undue hardship to the employer, and both sides must agree on it.

### What Is a Reasonable Accommodation?

The term *reasonable accommodation* originated in EEOC regulations concerning religious holidays, but—for reasons not relevant here—those parts of the regulations were struck down by the courts (Burgdorf, 1995). Regulations for

implementing the Rehabilitation Act of 1973 used the term but gave only examples and not a definition. In recent decades, case law and administrative decisions have developed an interpretation of what the term means.

Based on this interpretation, the EEOC regulations (Equal Employment Opportunity Commission, 1997b, sec. 1630.2[o]) define a *reasonable accommodation* as (1) any modification to the process of applying for a job that allows the person with a disability to be considered for the job, (2) any change in the work environment, including the manner in which a job is usually done, that allows a person with a disability to carry out the essential functions of the job; or (3) any adjustment of benefits that allows a person with a disability to use them as any other employee would. The accommodation could be a work schedule change; job restructuring, such as having other persons carry out the nonessential functions; reassignment to another position; the provision of an auxiliary aide or service; or physical modification to the workplace.

### Cost of Accommodations

One employer concern is whether the accommodation will cost more than the employee is worth in terms of productivity. If available studies are correct, most employees with disabilities require no accommodation at all. When accommodations are requested, most can be implemented at little or no cost. The expenditure can thus usually be written off as part of the normal cost of doing business.

For example, in an in-depth study of Sears, Roebuck and Co., Peter Blanck (1996) found that between January 1, 1978, and December 31, 1992, an end date shortly after Sears became subject to the ADA, 69 percent of the accommodations for employees with disabilities entailed no cost and another 28 percent cost less than \$1,000. The average cost was \$121. If the 3 percent that cost over \$1,000 are removed, the average cost drops to \$36. After Sears became subject to the ADA, Blanck found that from January 1, 1993, to December 31, 1995, 72 percent of the accommodations entailed no cost, and another 17 percent cost less than \$100. The average cost was \$45. What is more, employers have tax credits available for barrier removal, offsetting even these small expenditures.

The ADA provides that an accommodation is not reasonable when it presents an “undue hardship” to the employer, that is, when it entails a significant cost or difficulty, taking into account the financial resources of the facility where the job is carried out and the financial resources and size of the employer. Other factors to be considered are the type of business and the impact on the company.

Although not an employment case, *Roberts v. KinderCare Learning Centers* (8 NDLR 147, 8th Cir. 1996), illustrates an undue burden. A day care center was asked to provide a full-time personal care attendant for a child. It refused to do so, and the parents sued in federal district court. The court found that the high cost of providing this full-time attendant was an undue burden given the resources of the day care center. It accepted the center’s figures that a full-time

attendant would cost over \$200 a week plus benefits but that tuition received would be only \$105 a week. The decision was then upheld by the Eighth Circuit Court of Appeals and not appealed to the U.S. Supreme Court.

In any event, the employer must know that the employee has a disability before a reasonable accommodation is possible. In many cases, the accommodation might be granted without such an identification, but in order to charge that an employer refused to provide a reasonable accommodation, the employee with a disability must make that disability known and do so a reasonable length of time before an accommodation is requested.

Neither the employer nor the employee has a veto over what is reasonable. Neither one has to accept the suggested accommodation. In cases of disagreement, negotiation about the accommodation should occur. However, if the accommodation is rejected by either side and the case goes to court, both sides run the risk of even higher costs than anticipated. Title V of the ADA suggests alternative means of dispute resolution where appropriate and authorized by law, and a dispute over a suggested accommodation is a candidate for such alternative resolution.

### **Examples of Reasonable Accommodation**

Reasonable accommodations vary from employer to employer and from employee to employee, and instances of successful reasonable accommodations can be found in many places. Spechler (1996) provides the first three illustrations that follow.

For example, a man who is quadriplegic applied for a position in the chief financial officer's department at AT&T. Two virtually cost-free accommodations were provided during the interview process. A table was raised so that the man's motorized chair could fit beneath it and he could take the standard employment tests. He was also given additional time to complete the tests because he was a slow writer due to his disability. He was hired, and before he began work, a local job accommodation specialist was brought in for a one-hour session with his new coworkers. It turned into a four-hour question-and-answer session, which made everyone more comfortable and made his coworkers more willing to help when asked to do little things like taking medication out of his shirt pocket. Hand splints enabled the man to use a computer, but they were cumbersome in other situations. After he was hired, AT&T purchased a second set of hand splints so that he would not have to carry the splints back and forth between his home and the office. He also relied, when necessary, on personnel in the medical facility at his work location for personal care needs. When the medical facility was closed down for budget reasons, an alternative was worked out.

BankAmerica Corporation not only provided reasonable accommodations for employees with disabilities but also developed guides and a training curriculum on the ADA. Because banks are places of public accommodation, the company

produced a training video for all employees who directly served customers and provided training seminars for its human resource specialists. Spechler (1996) gives numerous details about these training and awareness activities.

The Florida Power & Light Company provided a number of reasonable accommodations over a broad range of disabilities. For an engineer who began to lose peripheral vision, the company purchased software and hardware that magnified the computer screen. For a person who began to use a wheelchair due to a spinal cord injury, the company had only to raise the height of a desk to enable the person to return to work. For hearing-impaired employees in the customer service department, the company provided amplified phones.

The Job Accommodation Network (n.d.) also provides a number of illustrations of reasonable accommodation. The Network assisted in developing the solutions. For example, an employee with an eye disorder became fatigued from glare on the computer screen. For \$39, an antiglare screen was purchased that greatly reduced the employee's fatigue. Another employee developed a condition that limited the use of her hands. She could not reach across her desk to a set of files. For \$85, a lazy Susan file holder was purchased that made it possible for her to keep her job. A police officer with dyslexia spent a great amount of time at the end of his shift filling out forms. For \$69, a tape recorder was purchased. A secretary typed the other police officers' forms from a handwritten copy and this officer's forms from the tape.

Two more accommodations mentioned by the Job Accommodation Network were a \$35 one-handed can opener for a cook who had only one hand and a costless schedule change for a person who developed a condition that necessitated a two-hour rest period during the day. She came in earlier and left later than before, still working the same number of hours but taking her needed break in the middle.

Both Spechler and publications available from the Job Accommodation Network present overviews of AIDS in the workplace. Both say that in the public and private sectors, this disability raises unique and emotionally charged questions resulting in reasonable accommodations. Spechler also discusses how technology can facilitate reasonable accommodations. Access or assistive technology is both a useful and a little-known subject.

## ACTIONS REQUIRED BY TITLE II

Except for actions required of public transportation authorities that are not relevant here, the statutory language of Title II does not require anything other than nondiscrimination. The statutory language of Title I requires nondiscrimination and the posting of a notice in an accessible format describing the provisions of the Americans with Disabilities Act. Because public entities are

employers, they must post such a notice. However, the regulations issued by the U.S. Department of Justice for Title II (1997) do require that public entities undertake a number of actions in order to comply with the ADA.

Any public entity with fifty or more employees must designate an employee to coordinate the responsibility of complying with the ADA, and it must establish a grievance procedure to resolve complaints under Titles I and II. The coordinator investigates any complaints about noncompliance. Public entities with fewer than fifty employees still must comply with the ADA, so the appointment of a coordinator and establishment of a grievance procedure would be useful to them even if not required.

All public entities must make available in accessible formats information about the rights and protections found in Title II. This information must be made available to job applicants, program participants, beneficiaries, and “other interested persons.” The last phrase is generally taken to mean the general public, but its definition has not been specified.

Every public entity must undertake a self-evaluation of its services, policies, and practices to determine whether they violate Title II. All services, policies, and practices must be in compliance. Interested persons, including people with disabilities and organizations representing people with disabilities, must be given an opportunity to participate. If a self-evaluation was carried out in compliance with section 504 of the Rehabilitation Act of 1973, then only policies and practices not included in that earlier evaluation are reviewed.

All public entities must comply with Title II; in addition, any public entity with fifty or more employees that determines that structural changes in facilities are necessary must prepare a transition plan. This plan must identify the physical barriers, how they will be modified to make the facility accessible, and a schedule for their modifications.

The Adaptive Environments Center’s *ADA Title II Action Guide for State and Local Governments and Supplement on Employment* (1996) offers four principles for successful compliance with these requirements: (1) top leadership must demonstrate commitment to the ADA during the entire process, (2) compliance activities must be coordinated, (3) people with disabilities who are also knowledgeable about the process and about accommodations must be involved in the process (but note that being disabled does not guarantee this knowledge), and (4) compliance must become institutionalized.

Since many organizations have not come into compliance with the ADA and many others are only partly in compliance, it is recommended that organizations undertake compliance activities. Reexamining policies, programs, and physical plants to determine if there are discriminatory aspects should also be done periodically. Spechler (1996) presents a ten-step process for implementing the ADA in organizations. The steps revolve around the four principles set

forth by the Adaptive Environments Center. If these four principles and ten steps are followed, success is very probable.

## CAUTIONS ABOUT THE AMERICANS WITH DISABILITIES ACT

Case law for the ADA is still developing. Many questions remain to be answered, although the main requirements are clear. Discrimination on the basis of a disability is prohibited. Whether certain acts are discriminatory, whether an individual is a qualified person with a disability, and whether an accommodation is reasonable are all questions that have to be answered in each particular context, although the U.S. Supreme Court and the Equal Employment Opportunity Commission have provided some guidelines. Future developments may make the ADA and concerns over discrimination simpler or more complex. Many answers to current questions remain for the future to reveal, along with important questions not yet asked.

In any event, the context in which the ADA is relevant is a volatile one. Being hired or fired, being promoted or paid more, and perceiving any type of discrimination are issues of great importance to the person with a disability. Cost considerations are of great importance to employers and to public entities. Accusations of discrimination are always unsettling. Human resource managers must approach ADA compliance and complaints carefully, but they must deal with them.

Finally, employers, public entities, and people with disabilities should emulate the announced strategy of the Department of Justice and the Equal Employment Opportunity Commission. This strategy is to educate and negotiate first. Only if this strategy is unsuccessful should litigation be considered. Most disability rights advocates concur that a large majority of ADA complaints are resolved through education and negotiation.

## CONCLUSION: THE BENEFITS OF THE ADA TO EVERYONE

The Americans with Disabilities Act provides benefits to everyone. People with disabilities are empowered by it (Pfeiffer, 1996). They feel good about having rights, and they now have greater expectations about themselves and their place in society. In addition, the implementation of the ADA opened up employment to many persons with disabilities. The education of private sector employers, public officials, and the public in general benefited all of society.

There is support for the ADA among private sector employers. In part, it has opened a new source for workers that they can tap. There is similar support



among public officials because it is important that citizens be able to obtain services to which they are entitled. And there is general support in U.S. society for the ADA.

Tax savings result when people with disabilities who previously did not hold jobs and received tax monies in order to live become self-supporting. Additional revenue enhancement occurs when previously unemployed people with disabilities pay income and other taxes formerly not paid. And perhaps most important of all, a general feeling of enhanced self-worth comes from being self-supporting.

Understanding the ADA means knowing what the law requires. It also means knowing the role the ADA is playing in the lives of people with disabilities and in the larger society.

## RESOURCES

Besides the publications cited in this chapter, a number of other resources are available. Both the Equal Employment Opportunity Commission and the Disability Rights Section of the Department of Justice have published manuals and other materials on the ADA. They are available by phone from the EEOC (202-663-4900) and the Disability Rights Section (800-514-0301 voice; 800-514-0383 TTY); however, the lines are often busy. Each federal region in the country has a Disability and Business Technical Assistance Center (DBTAC) that can provide the EEOC and Justice Department publications and other ones. The telephone number is the same for all regions (800-949-4232 for both voice and TTY).

In September 2003, the Department of Justice issued the second volume of its ADA Technical Assistance CD-ROM, which contains the ADA Regulations, the ADA Standards for Accessible Design, information about technical assistance manuals and other publications, and general ADA information. The files are available in pdf, html, text, and WordPerfect formats. The Department of Justice's home page with updates is <http://www.ada.gov>.

The EEOC's home page with updates is <http://www.eeoc.gov>. Specific brochures can be downloaded from this Web site. "The Americans with Disabilities Act: A Primer for Small Business" concerns Title I and is directed toward small businesses. However, what it says is also relevant to state and local governments in terms of employment. "Federal Laws Prohibiting Job Discrimination: Questions and Answers" describes the EEOC and the laws it enforces, how to file complaints, the EEOC's procedures, and how to obtain information about those laws and procedures. This brochure goes beyond the ADA. "History of the EEOC Mediation Program" describes the EEOC's newly established mediation program. "The ADA: Your Responsibilities as an Employer" discusses these responsibilities along with the *Sutton* and *Murphy* Supreme Court decisions.



The President's Committee on Employment of People with Disabilities (202-693-7880) funds the Job Accommodation Network, an important source for information about accommodations (800-232-9675 voice and TTY).

The workbook published in 1996 by the Adaptive Environments Center (617-695-1225) is specifically targeted to public entities. It provides step-by-step advice on compliance matters for human resource managers and others in the public sector. It is also useful for private sector employers.

Burgdorf's 1995 legal treatise on disability-based discrimination in employment covers the Rehabilitation Act of 1973 (sections 501, 503, and 504), the ADA, and other related legislation. It is a very readable work and very complete.

*Disability Compliance Bulletin*, published biweekly, contains news articles on court cases and agency actions pertaining to the ADA and related laws. It is published by LRP Publications (215-784-0860), which also publishes the *National Disability Law Reporter*, which contains the court decisions on which the *Bulletin* articles are based.

Silverstein (2000) is an excellent framework for policy analysis and contains considerable information about disability policy. Its author is the director of the Center for the Study and Advancement of Disability Policy (CSADP) in Washington, D.C., which maintains a Web site containing training materials, policy papers, and policy briefs at <http://www.disabilitypolicycenter.org>.

Finally, publications by Ferish and Thomas (1993), Gutman (1993), Morrissey (1991), O'Brien (2001), Robinson (1993), Switzer (2003), and West (1996) are all worth consulting.

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# MOTIVATING, ASSESSING, AND COMPENSATING EMPLOYEES

*Managers find a confusing array of regulations and procedures standing in their way when they seek to reward good performance.*

—Alan K. Campbell, congressional testimony on  
civil service reform and organization, 1978\*

Finding new ways to motivate and compensate employees is a major priority, as Alan Campbell, then head of the U.S. Civil Service Commission, testified before the House Post Office and Civil Service Committee prior to passage of the Civil Service Reform Act of 1978. Campbell's experiment with merit-based compensation was to find a rocky road ahead, yet despite the pervasive difficulties encountered by all public HR managers, the desire to fairly motivate and reward public employees for better performance is a recurring and consistent theme of public human resource management literature and practice.

The methods that public organizations employ to motivate and compensate their members have long-term consequences for organizational health and viability. Part Five synthesizes the literature on motivating, assessing, and compensating employees and gives specific guidance about the efficacy of various reward systems, performance appraisal systems, position classification and compensation strategies, pay-for-performance compensation systems, and employee benefits.

Arie Halachmi and Theo van der Krogt begin Part Five with Chapter Twenty-One, "The Role of the Manager in Employee Motivation," an overview of different theories and methodologies for motivating and rewarding public employees.

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\*U.S. House of Representatives, Committee on Post Office and Civil Service, *Civil Service Reform*. Washington, D.C.: U.S. Government Printing Office, 1978.

The authors also discuss monetary and nonmonetary rewards and their use in the public sector and suggest the central elements of a nonmonetary employee incentive plan.

Dennis M. Daley continues with Chapter Twenty-Two, "Designing Effective Performance Appraisal Systems." As governments are increasingly called on to become more efficient and more accountable, the need for effective employee performance appraisal systems has become evident. Daley states that although there is no one "best" way to appraise employee performance, there are certainly wrong ways, and the challenge to the human resource manager is to "design an appraisal system around [the organization's] needs and capabilities." In a very succinct treatment, Daley discusses salient issues surrounding the appraisal process. He favors the application of behaviorally anchored rating scales (BARS) and management by objectives (MBO) approaches over more subjective measures, and he observes that "feedback is an integral and essential part of the performance appraisal process."

One avenue toward improvement of recruitment, selection, and appraisal activities is delineated by Mark R. Foster in Chapter Twenty-Three, "Effective Job Analysis Methods." Foster explains that job analysis is the linchpin for an effective system of personnel administration, especially in validating examinations and performance appraisal devices. He discusses different job analysis methodologies, stressing the uses and sources of job analysis information. He then gives a step-by-step example of how to conduct a job analysis for a typical local government job.

Charles R. Swanson joins Foster in Chapter Twenty-Four, "A Practical Guide to Conducting Assessment Centers." Swanson and Foster draw on their considerable experience as consultants to provide specific guidance to the practicing human resource manager on how to construct and administer an assessment center. They also define and discuss the advantages of using the assessment center as a crucial feature of the employee selection process and present specific examples of differing types of assessment center exercises.

In Chapter Twenty-Five, "Work Management and Job Evaluation Systems in a Government Environment," Gilbert B. Siegel uses his extensive academic and consulting experience in explaining how human resource managers can employ job evaluation methodologies to create an effective position classification system. Siegel discusses such public sector job evaluation methodologies as point rating, factor comparison, point-factor, and other popularly used systems. He presents an instructive section on broadbanding, perhaps the most discussed but least used system for organizing and compensating public sector positions, and he also provides an example of a point-factor job evaluation methodology. He notes that after reading this chapter, "the reader should have gained sufficient understanding to be a critical consumer of such [position classification] systems and should be able to judge organizational requirements for job evaluation."

Siegel continues his practical advice in Chapter Twenty-Six, “Designing and Creating an Effective Compensation Plan.” Here he discusses such issues as market value, comparable worth, merit pay, skill-based pay, and group performance systems. He again provides specific guidance to the practicing manager on how to construct and maintain an effective salary structure by merging job evaluation and salary survey data. Siegel stresses the need for management to consciously decide on its compensation objectives, recognizing the clear advantages and disadvantages of the compensation philosophy it adopts.

Human resource management’s quest for the reward structure that strikes the perfect balance between employee needs and public responsiveness will no doubt remain elusive. However, as the array of motivation, compensation, and assessment alternatives continues to expand, it is crucial that the public human resource manager be prepared to provide strategic advice and counsel about these essential activities to key organizational actors.







# The Role of the Manager in Employee Motivation

Arie Halachmi  
Theo van der Krogt

In the early twentieth century, the Industrial Revolution, the “second wave” in Alvin Toffler’s terminology (1970, 1980, 1990), had important implications for the division of labor and for organizing the means of production of goods and services. Henry Ford’s assembly line, on which employees specialized in carrying out small tasks in the most efficient way, and Charlie Chaplin’s *Modern Times* are two examples of implications of the Industrial Revolution for the human side of the enterprise. At the end of the twentieth century, the Information Revolution—Toffler’s “third wave” (1980, 1990)—and other changes influenced how goods and services were produced and obtained. Information technology facilitated the emergence of virtual organizations (Palmer and Speier, 1997; Becker and Steele, 1995), virtual teams (Benson-Armer and Hsieh, 1997), telecommuting (European Telework Online, 2000), and e-commerce, not only resulting in changes in the way work is organized but also transforming what Mintzberg (1973) calls the decisional, informational, and interpersonal roles of managers (Halachmi, 1991).

In the second half of the twentieth century, managers in both the public and private sectors experienced growing pressures from their respective stockholders or stakeholders to get the most out of the resources available to them (Hahn and Kleiner, 1999). As labor costs increased at a growing pace relative to the cost of other production process elements, greater attention was given to the need to “optimize” or, as it is seen by organized labor, to reduce the use of manual labor.

One report about improving government in the state of Oklahoma noted, “State employees are our most valuable asset—and largest expenditure. The state spent close to \$1 billion on salaries in fiscal year 1995, and an additional \$429 million on benefits. We believe we can maximize these resources by reforming our personnel system” (Governor’s Commission, 1995, pt. 4, p. 1). The report goes on to say that “to turn challenges into opportunities for a better future, Oklahoma state employees must be better led, motivated, rewarded, trained and equipped than they have been. Today they are trapped by many outdated and ineffective systems that put unintended roadblocks in the way” (pt. 4, p. 1).

Toward the end of the twentieth century, managers encountered additional challenges to their traditional organizational roles. These challenges resulted from global changes in the composition of the labor force, on the one hand, and the evolution of the global village, which stripped away the borders of markets and economies, on the other. Managing human resources was being redefined as a result of the new profile of the labor force in the twenty-first century. The forces that are reshaping the profile of the workforce are also capable of reshaping the interactions between managers and their subordinates. For example, the median age of employees is rising, primarily because veteran workers are delaying retirement (in the absence of mandatory retirement age, the slow increase in the age for Social Security eligibility, and the mounting costs of health care), while younger people are staying in school longer before entering the labor market. As a result, managers and organizations must find new ways to keep veteran employees motivated and retain their job satisfaction (Trout, Larsen, and Feimer, 2000). At the same time, organizations must redesign training programs for younger employees who are joining organizations with more years of formal education and who place more weight on professional and personal growth as important elements of their self-esteem. These younger workers have greater expectations for independence, involvement in decision making, and balancing work with life away from the job. Related challenges for managers result from the diversity of a workforce that is growing more obviously heterogeneous in terms of race, ethnic origin, gender, domestic status, and sexual orientation (General Accounting Office, 1992). The importance of such changes have been augmented by related developments in employees’ expectations about three important issues: (1) having working conditions that are more accommodating of family and single parenthood (for example, access to benefits such as maternity leave, child care, and parent care); (2) having a say about decisions that affect the way employees carry out their work and the roles of employers and immediate supervisors, who may act as mentors and coaches; and (3) especially for professionals, having authority, responsibilities, and autonomy in their work. Thus, for example, managers these days are expected not only to provide the necessary physical conditions for carrying out the job but

also to help employees develop a career, to ensure a friendly atmosphere conducive to employee participation in decision making, and to keep the workplace free of pressures that have to do with gender, race, sexual orientation, religion, disabilities, age, and so forth. At the same time, managers are expected to trim the size of the labor force to the bare minimum, reducing the cost of operations on the one hand but hurting the organization's capacity to meet some important psychological needs of employees (such as a sense of belonging, identification, camaraderie, or social and mental support) on the other.

It does not take much effort to see that the roles managers are expected to play in organizations have changed and grown in complexity over the past century. This growing role complexity is commensurate with the increase in the possibility that any effort by a manager to meet the demands or needs of one stakeholder may reduce his or her ability to meet another stakeholder's needs. This complication may in turn lead to reactions and counterreactions that would put additional pressures on the individuals involved, diminishing their ability to carry out their various other roles.

The purpose of this chapter is to explore a subset of the roles managers are expected to carry out in order to maintain a productive, satisfied, and motivated workforce. This subset of roles cuts across Mintzberg's classification of managerial roles, but all managerial roles require managers to encourage employees, an important resource and group of stakeholders, to make better and greater contributions to the organization so that it can meet the demands of other stakeholders.

We begin with a brief review of several models and theories of motivation that provide the rationale for urging greater employee productivity. As noted by the General Accounting Office (1990), "Individual motivation is a key factor in dealing with poor performers. Therefore, agency management must focus on creating an environment within which supervisors are encouraged and are motivated to identify poor performers and are properly trained and supported when they attempt to deal with them" (p. 3). We then examine some issues in the use of economic incentives and in the demise of the system known as *quality of working life*. We conclude with some thoughts about the emergence of "ad-hocracy" and the shift of responsibilities for motivation and self-actualization from the organization to the individual.

## IMPORTANCE OF MOTIVATION

Effective employee motivation has long been one of management's most difficult and important duties. Success in this endeavor is now becoming even more of a challenge due to the current fashion of downsizing and the difficulties associated

with managing a diverse workforce (Kreitner and Kinicki, 1995). Downsizing, the practice of replacing people with information technology or contracting their jobs out, reduces the size of the workforce, resulting in fewer opportunities for upward career mobility and less job security for the future. The common practice of downsizing coupled with greater use of telecommuting can cool the heels of any aspiring employee in terms of job involvement and organizational commitment. In fact, even without the risk of losing one's job due to downsizing, information technology has the potential of driving employees to follow preestablished procedures, depriving them of opportunities to be "creative" or to interact with fellow employees. As noted by Brodbeck (2002), the need to follow procedures—which is a must in the case of telecommuting—can depersonalize the organization for the employee. This, in turn, is capable of affecting employee motivation and commitment to both the job and the organization.

Greater workforce diversity increases the variety of issues managers must address to avoid demotivation among employees, conflicts among employees, and challenges of authority. With growing attention to political correctness and increased sensitivity to the ways people should be addressed and treated, it does not take much to alienate some employees by comments, looks, or gestures. Behaviors that might have been barely noticed in the past or at least not openly challenged may today result in litigation and undesired media attention. The ensuing unpleasant atmosphere that follows any alleged case of insensitivity (including the prospects of lawsuits under Title VII of the Civil Rights Act of 1964 or under other laws and ordinances) can have dire consequences for productivity. Today's managers must be prepared to work with employees who are single parents, who have dependent elders, who have physical and mental impairments, or who are of a different sexual orientation than their own. The labor force in most organizations represents (and by law is expected to represent) the diversity of the population in terms of gender, a variety of cultural and ethnic backgrounds, ages, education, and disabilities. This kind of diversity increases the odds for human relations mistakes, with dire motivational consequences. It requires managers to replace the broad-brush, one-size-fits-all approach underlying past practices with a new approach that replaces standard operating procedures with ad hoc considerations of each case. In the new organizational reality, to achieve the same end result, managers must consider the individual needs of the employees involved to keep them motivated.

Understanding motivation has always been a tall order, even before the recent organizational turmoil. The inconclusive nature of past inquiries into how managers and organizations help or hinder employee motivation and productivity has been made evident by the continuing stream of new and alternative motivational techniques, models, and theories, resulting in a very rich body of literature. Several reasons explain why the hunt for the ultimate motivation the-

ory is so difficult. They include the following prospects: (1) that personality differences may cause various individuals to react in different ways to the same motivators under the same set of circumstances; (2) past experiences, greater discretion in the use of various positive or negative incentives, personality traits, and differences in leadership style make certain motivational techniques more attractive and more successful in the case of some managers but not in the case of others; and (3) changes in popular culture and social values eventually alter the attractiveness of traditional inducements or alter people's urge to satisfy certain needs. For reasons such as these, what used to motivate in the past may not be as instrumental in motivating in the present or in the future, even for the same managers and the same subordinates. For example, profit-sharing plans, a common motivational tool in the 1970s and the 1980s, lost their luster when stock options became a compensation option in the late part of the twentieth century and saw their remaining appeal evaporate with the burst of the "dot-com" bubble and the collapse of publicly traded companies such as Enron at the turn of the twenty-first century.

It is not surprising that there is no one theory or model that can help all managers motivate all employees at all times. Yet by the same token, there is no golden rule for selecting the motivational technique that would help any given manager motivate any given employee under any given set of circumstances. As we shall explain, to be successful at motivating employees requires that managers master the proper ad hoc selection of motivational techniques that mesh with their own situation as well as the known needs, values, personality traits, past experiences, and expectations of their employees or employee groups. This ad hoc selection implies that the task of motivating employees is a continuing process that requires managers to invest ample time and effort if it is to be successful.

Gordon (1996) notes that as the workforce becomes more diverse, recognizing the individuality of motivational needs becomes paramount. The employee's position in the organization, age, gender, education, marital status, or any other socioeconomic characteristic can be an important variable that reinforces or mitigates other forces that shape behavior. Thus it is suggested that managers use a contingency approach, that is, that they attempt to match what they know about the individual, the situation, and the issue at hand with the strengths and weaknesses of various motivation theories before deciding which one to follow (Kreitner and Kinicki, 1995). Understanding of and familiarity with the leading theories of motivation can therefore be instrumental when a manager feels the need to encourage stronger motivation in a particular individual.

The next part of this chapter provides a brief but critical review of some theories and models that have influenced the direction of thinking and research about motivation in the workplace.

## MODELS OF MOTIVATION

Barnard (1938) and Homans (1961) attempt to explain the relationship between employees and the organization by refereeing the balance between the contributions employees make to the organization and the inducements they receive in return. The exchange that takes place between the two parties allows us to view the relationships between employees and the organization as a kind of psychological contract (Rousseau and Parks, 1993). This contract may have attributes different from the legal document that reflects or guides the formal relations between the two parties but is likely to be more detrimental to employees' moral satisfaction, loyalty, and productivity. The parties to the psychological contract have specific expectations of each other. However, unlike the parties to a formal employment contract, the parties to the psychological contract may not share their understanding of the contractual relations, inform each other when they change their understanding, or expect a change in the relations in order to keep the formal employment contract in place. When the expectations of both parties are met, the two parties are satisfied. When one of the parties feels an inequity in the contract, that party may initiate a change expressed as a request for a modification of the employment contract, the formal document that is open for scrutiny by outsiders. Thus unhappy employees may ask for a raise or better career opportunities. If they cannot get them, they may start looking for employment elsewhere or find ways to adjust their contributions and to bring them to the level of the perceived inducements they get from the organization. This point will be visited again later on in connection with the equity theory of motivation. Here it should be noted that the organization, too, may sense imbalance between the inducements it provides and the contributions it gets back from a given employee or subgroup of employees. The organization may seek to correct the imbalance by asking employees to improve the observed level of performance, by adjusting compensation, for example, by relating compensation more directly to the output produced, and by offering other tangible and intangible inducements. Managers can replace subperforming employees or can get rid of the problem of poor performance in a given area by contracting out. Thus Moorhead and Griffin (1995) conclude that "a basic challenge faced by the organization, then, is to manage psychological contracts. The organization must ensure that it is getting value from its employees. At the same time it must ensure that it is providing employees with appropriate inducements" (p. 53).

Many factors may influence the extent to which either the employee or the organization feels that the psychological contract is fair. However, a good fit between the employee and the job, as a result of proper placement efforts, can go a long way toward facilitating such a mutual feeling. Selection placement processes give the organization the opportunity to identify some important

things about individual employees, such as personality traits and abilities. Hiring people whose personalities mesh well with the existing organizational culture and with the tasks they will be expected to carry out increases the odds that they will be successful and satisfied employees. Matching personalities, skills, and abilities with the right jobs increases the likelihood of meeting the employees' expectations while also ensuring that their assignments capitalize on important employee qualities for meeting organizational goals.

Kreitner and Kinicki (1995) suggest that most contemporary theories of motivation are rooted in part in the principle of hedonism, which states that people seek pleasure and avoid pain. Moorhead and Griffin (1995) suggest that the drive to satisfy some important needs is the common denominator among various theories of motivation. Although the two claims are not mutually exclusive, it should be noted that too much emphasis on hedonism as a key to motivation implies an unflattering and extremely narrow view of human behavior and of the complexity of the relationships with fellow workers (Erez and Somech, 1996) that people experience at work.

Given the enormous amount of published research on motivation and the lack of consensus about this important subject, it is not surprising to find a variety of attempts to classify various theories of motivation. One of the more common ways is to classify motivation theories according to content (*what* motivates the individual) and process (*how* one gets motivated). The discussion that follows starts with a brief description of some of the leading theories in the content group before going on to describe some process theories.

### Content Theories

**Maslow's Hierarchy of Needs.** The work of Abraham Maslow (1954) provided the key to a whole family of theories formulated to explain behavior as an effort to satisfy needs. Maslow depicted human needs as a stack of priorities, satisfied from the bottom up. At the very bottom of Maslow's hierarchy are the *physiological needs*. Any deficiency in these needs must be satisfied first, and the individual must be fundamentally comfortable before he or she will be in a position to meet a higher need. The *security needs*, shelter and protection, come next, followed by *belonging needs*. At the top of the hierarchy are the *psychological needs* (self-esteem and respect) and *self-actualization needs*.

Maslow's needs theory does not provide managers with much of a challenge for the most part. Managers can help employees meet their basic physiological needs by paying them reasonable wages and providing a comfortable physical environment. They can meet employees' security needs by offering life employment, a grievance and mediation system, and insurance and retirement benefits. By fostering the necessary conditions for successful teamwork (Erez and Somech, 1996) and by rewarding performance, managers can help employees meet their needs for belonging and self-esteem. The need that is the



most difficult to satisfy and is a great challenge to managers and employees alike seems to be the need for self-actualization. The magnitude of this challenge should be assessed in the context of the emerging new reality of the workplace. This new reality offers an interesting paradox. Government regulations such as those that set standards for accommodations for workers with disabilities, maternity leave, the minimum wage, the maximum number of working hours, protection from work hazards, Social Security, pensions and retirement, unemployment compensation, medical insurance, and adverse working conditions arising from biases against age, gender, race, religion, or ethnic origin make the satisfaction of most needs easier than it was in earlier generations. In other words, managers have a much smaller task than they had in the past when it comes to finding ways to help employees satisfy the lower needs on the hierarchy because government regulations prescribe most of what they have to do as employers. Employees, too, found it easier to meet their basic needs in recent decades, for two reasons: (1) because these same government regulations provide them with benchmarks that assist them in deciding when they have met a need and (2) because whatever is not provided or facilitated by employers (for example, child day care) is provided or facilitated by governments as a social service. It should be noted that many government services that are part of the so-called welfare state have since the mid-1950s made a deliberate effort to reduce the likelihood that the service recipient will feel a sense of humiliation and thus a possible threat to self-esteem. The paradox is that at the same time as it has become easier for employers to meet employees' basic needs, organizations have reduced their workforces and turned more of their employees into self-employed contractors, an act that threatens people's sense of security about meeting their basic needs in the future. In fact, these changes in employment practices are shifting the responsibility for facilitating the necessary conditions for meeting the basic needs to the individuals themselves or the taxpaying public. The transformation that is taking place due to contracting out and the emergence of the "hollow corporation" and "hollow government" (Halachmi and Holzer, 1993; Goldstein, 1990) means that each individual is now responsible for motivating himself or herself to secure and carry out the contracts for mobilizing the means to meet basic needs. Yet as this transformation takes place, governments are starting to cut back on the scope of social services and eligibility for them, burdening more people with the task of devoting their energies to meeting the lower rather than the higher survival needs.

For those who are still meaningfully employed, either by other organizations or on their own, the elusive need that must be satisfied is still the need for self-actualization. Satisfying this need continues to be a challenge, for several reasons. It is not content-specific. It does not lend itself to simple measurement or monitoring so that the individual or the manager can assess whether exerted efforts are making progress toward achieving it. In addition, once achieved, the



sense of self-actualization may be temporary and may not even be recognized as self-actualization until after the fact. Even assuming that there were no questions about the validity of the Maslow hierarchy, it is not hard to see that at best, it can help managers deal with the challenge of motivation when the needs to be satisfied are relatively low on the list. Conversely, managers get little help from Maslow when it comes to the ultimate need, self-actualization. This need, so hard to satisfy, is also the need that is most likely to be experienced by members of a better-educated workforce in general and professional employees in particular. These employees, whose motivation may be particularly important to the organization due to the significant cost of their contributions and inducements, are more difficult to please than others. One reason is that they have greater expectations about the work they perform and thus a more complex relationship with their place of work. For example, for such employees, doing what they were trained for may not be enough. Also, the general reputation of the employer may be one of the variables that contribute to how they feel about their jobs and whether or not they experience self-actualization. Some employees may feel self-actualized working for an excellent agency, while employees in similar or even more challenging jobs at an agency with a lesser reputation may not be as satisfied or motivated and may never experience self-actualization. Moreover, the conceptual and functional problems with the notion of self-actualization are not the only weakness of the Maslow hierarchy as a theory of motivation and a guide for managers.

In spite of the intuitive logic of Maslow's hierarchy of needs, there is little research to support the validity of many of the assumptions a manager must make in accepting it. For example, a manager must assume that all individuals, regardless of age, attempt to satisfy physiological needs before proceeding up the hierarchy to satisfy psychological needs. A manager must simultaneously accept the notion that satisfied needs do not motivate and also that if lower needs become once again unsatisfied, the individual will give up the effort to satisfy higher needs until those lower needs can be satisfied again. In the same vein, a manager must assume that all people experience the need to develop and reach self-actualization or to reach the same level of self-actualization. It does not take elaborate research to question some of these assumptions. One just has to think, for example, of the many artists or scientists who in their striving to achieve artistic or scientific self-actualization have compromised many of Maslow's lower-level needs: food, shelter, companionship, or the respect of others.

**Herzberg's Two-Factor Theory.** Frederick Herzberg's two-factor theory (1959) suggests that job satisfaction contains two separate and independent dimensions, which he called *hygiene factors* and *intrinsic factors*, that cannot be plotted on one continuum; instead, they consist of two separate and distinct continua. According to Herzberg, the opposite of job satisfaction is not dissatisfaction but

rather a simple lack of satisfaction. In the same way, the opposite of job dissatisfaction is not satisfaction but rather “no dissatisfaction.” The hygiene factors (pay, job security, working conditions, status, and the like) address issues that are external to the job. They cause dissatisfaction when they are absent, but because they are “external,” they are not potent enough to satisfy or motivate employees when they are present. On the intrinsic dimension, the motivators address issues that are bound up with the job (for example, recognition and possibilities for growth and advancement). When they are present, motivators can satisfy employees and motivate them because of their association with the need for self-actualization—the ultimate intrinsic drive (Tietjen and Myers 1998).

However, when these motivators are absent, they do not greatly dissatisfy. The two-factor theory does offer managers some guidelines for making employees more content on the job and more productive. However, there are questions about the methodology Herzberg used for collecting the empirical data to support his claims. According to some writers (Moorhead and Griffin, 1995), Herzberg’s work has been scientifically scrutinized more often than other theories because it gained popularity so quickly. For our purposes here, it is important to note that Herzberg’s division of aspects of the work situation into hygiene factors and intrinsic motivators influenced a lot of subsequent discussion about the use of incentives, like performance-related pay, to induce higher performance (Halachmi and Holzer, 1987).

According to Tietjen and Myers (1998), a critical assessment of Herzberg’s two-factor theory (Locke, 1976) yields important insights while providing a base for extending a manager’s understanding of the challenge of motivating employees. Tietjen and Myers point out several problematic issues first raised by Locke. The first issue is that according to Locke, Herzberg’s view of human nature implies a split between the psychological and biological processes, whereas Locke avers, simply and intuitively, that the mind and body are very closely related: “It is through the mind that the human discovers the nature of his/her physical and psychological needs and how they may be satisfied” (Tietjen and Myers, 1998, p. 228). After all, the basic need of survival, a biological need, cannot be reached without using the mind.

With regard to Herzberg’s correlation between hygiene factors and intrinsic motivators, physical and psychological needs, which is the second problematic issue, Tietjen and Myers note that it can be inferred that the first set are unidirectional, but so are physical and psychological needs. Locke, they point out, suggested that there was no justification for this conclusion. Providing the example of hunger, a physical need, Locke wrote that acts like eating can serve not only to satisfy hunger pangs but also as pleasures for the body.

Locke’s third criticism of the Herzberg theory, according to Tietjen and Myers, pertains directly to the previous two. It is simply the lack of a parallel relationship between the two groupings of factors and needs according to Locke.

Their relation, Tietjen and Myers assert, is imprecise and overlapping in several areas, as can be illustrated by the following example. A new policy about any aspect of work (hygiene) may affect a worker's commitment to the organization and to the job (O'Driscoll and Randall, 1999). Such changes in commitment, in turn, may influence interest in the work itself (motivation) and thus employees' success on the job.

Locke's fourth critique of Herzberg addresses the classification system. Along the lines used in the preceding criticism, he claims that the two-factor theory is, in itself, inconsistent in categorizing factors of satisfaction. The two-factor theory, Tietjen and Myers note, is merely splitting the spectra of satisfaction into two, according to their reading of Locke. For example, if an employee is given a new task (which is deemed a motivator), this is considered a "responsibility." However, if a manager will not delegate the duty, the situation takes the label of "supervision-technical." Locke, Tietjen and Myers claim, stated that the breakup of one element (like responsibility) into two different types of factors results from the confusion between the "event" and the "agent." The reference to the need to distinguish conceptually between an event and the agent that brings it about is part of Locke's contribution to a better understanding of motivation.

Specifically, Locke defines an *event*, or condition, as whatever causes an employee to feel satisfaction. An *agent* refers to whatever causes an event to occur. Events, therefore, are motivators, in Herzberg's terms. Conditions such as success or failure or responsibility motivate workers and have the potential to produce satisfaction or dissatisfaction. Agents, conversely, are comparable to hygiene factors; the customer or supervisor, for instance, causes an event, which then brings forth a feeling of satisfaction or dissatisfaction. This clarification of factors that motivate versus the means whereby the motivation occurs leads to an adjusted view of job satisfaction and dissatisfaction. Tietjen and Myers assert that *satisfaction*, defined as a positive emotional state that results from the appraisal of one's job experiences (Locke, 1976), then becomes a function of the perceived discrepancy between intended and actual performance, or the degree to which one's performance is discrepant with one's set of values. The closer the expected result is to the outcome and the greater the achievement of one's values, the higher the yield of satisfaction (Locke, 1976). The idea that a smaller discrepancy between expectation and actual performance has to do with generation of satisfaction has been used (and tested) by Zeithaml, Parasuraman, and Berry (1990) as a basis for the leading methodology for measuring satisfaction of rendered services.

The fifth possible issue with the methodology of Herzberg has to do with his weak control of the respondent's locus of control (Rotter, 1966). Without controlling for the locus of control, there is always the possibility that the employees interviewed assumed an internal locus of control and took credit for satisfying events such as advancement or recognition while assuming an external

locus of control and blaming others such as supervisors, subordinates, peers, and even policy for dissatisfying situations. Locke (1976) implies that Herzberg did not address this possible validity issue sufficiently commensurate with the importance it has in assessing validity of his results (Tietjen and Myers, 1998).

Yet perhaps the most problematic question about the two-factor theory is the denial of individual differences due to the minimization of diversity within the sample. As noted by Tietjen and Myers (1998, p. 228), “Locke (1976) concedes that though an individual’s needs may be similar, his or her values are not. Values, furthermore, have the most significant impact on emotional response to one’s job.” As we have pointed out, the discrepancy between expectations and actual performance contributes to satisfaction but may have a different weight in the case of individuals with the same needs but different values. Therefore, Tietjen and Myers go on to suggest, since individuals have unique values and do not place the same importance on money or promotion, for example, the methodology used in Herzberg’s study “deprives them of that which makes them distinct from others” (p. 228) and ignores the realities of experiences and life cycles. Values are of crucial importance in Locke’s theory of job satisfaction, as evidenced in his critique of Herzberg’s two-factors theory. Values represent a different set of needs than the one proposed by Maslow, but most motivation theories offer little advice or help for dealing with them in the workplace.

**McClelland’s Needs Theory.** David McClelland (1961) asserts that many needs, like one’s own set of values, are learned from culture, but there are three primary sets of needs, and any one of them may explain most of any observed behavior in a given individual. The three primary needs are the need for achievement (nAch), the need for affiliation (nAff), and the need for power (nPow). Note that without much effort, these three primary needs can be related to the clusters of needs used by other theories, as illustrated in Table 21.1.

According to McClelland, at any point in life, one of these needs may be more dominant than the other two in influencing the individual’s perception of real-

Table 21.1. Three Sets of Motivational Needs.

Maslow	Herzberg	McClelland
Physiological needs	Hygiene	
Safety and security		
Belongingness		Affiliation need (nAff)
Self-esteem	Intrinsic (motivator)	Achievement need (nAch)
Self-actualization		Power need (nPow)

ity. Thus an employee motivated by the power need will view a given situation as an opportunity to either exercise, gain, or challenge power. The employee with a strong affiliation need will perceive the same situation in terms of social interaction and the relationships among all involved. The employee who has a stronger need for achievement will see in the same situation opportunities for feedback on performance, job-related problem solving, and so on.

According to McClelland, these needs are learned from the experience of coping with the environment; rewarded behaviors recur more often than unrewarded ones. To establish which need is dominant at a given time, McClelland used a projective test called the Thematic Apperception Test (TAT). Looking at a series of pictures, the individual taking the test is asked to tell in his or her own words what is going on in each picture, what led to that event, and what is going to result from it in the future. The strongest need manifests itself and can be recognized through the individual's consistent choice of words and the similarity of the scenarios the individual uses to describe the pictures.

McClelland's needs theory has interesting implications for management in the context of efforts to enhance productivity through Total Quality Management (TQM). TQM empowers employees to make suggestions and to introduce changes that may improve performance, and this can provide some individuals with a method for meeting needs for achievement and affiliation. Participation in team efforts and the TQM process gives employees influence over their own work situations and the way work is performed by others, and for some individuals, this may provide an opportunity to exercise power. Though TQM does not present opportunities for exercising raw power over others, it nevertheless puts employees in positions where they can influence others more than they could expect to under other circumstances. In other words, TQM can give individuals with different needs the various opportunities to satisfy them.

Although the promise of McClelland's work has yet to be fully explored, there are some questions about the theory. The projective technique identifying the strongest of the three needs produces several challenges. From a methodological point of view, it is easy to observe the difficulty of controlling for bias among the testers, who are likely to perceive an individual's responses in the context of their own needs. By the same token, it may be difficult to assess the exact point when the use of certain words or the perception of relations changes as a result of differences in an individual's cultural or social norms. Two further examples of difficulties with the methodology may illustrate this point. First, it is hard to establish in a way that is not susceptible to differences in social mores the point at which an individual's drive to achieve becomes an instrument for gaining acceptance, that is, a way of meeting the need for affiliation (or vice versa). Similarly, at what point does the individual's drive to achieve become a mask for the search for power, possibly as the individual is gaining recognition for being an expert on some subject? Second, in a picture of a room filled mostly

with men and only one woman, what is the role or the position of the female? Depending on where, when, and to whom the question is being asked, reaction to the picture may be very different: Is she the boss, one of the guys, a secretary? Interpretation of this image may have gone through many changes in the United States since the 1960s, when McClelland introduced his ideas. In some countries even today, most respondents over a certain age are not likely to consider the prospect that the woman is the boss or a highly skilled professional.

### Process Theories

**Vroom's Expectancy Theory.** One of the best-known efforts in the process theory category is the expectancy theory of Victor Vroom (1964). Vroom defines motivation as a process governing choices among alternative forms of voluntary activity, a process controlled by the individual. That is, the individual makes choices based on estimates of how well the expected results of a given behavior are going to match up with or eventually lead to the desired results. Motivation is a product of the individual's *expectancy* that a certain effort will lead to the intended performance, the *instrumentality* of this performance to achieving a certain result, and the desirability of this result for the individual, known as *valence*. For example, a student will be motivated to study for an SAT exam if studying is likely to increase the odds of a higher score on the test and if the student regards getting a better score as the most important factor in securing admission to the college the student prefers. A student will be less motivated if he or she is uncertain whether studying for the exam can in fact improve the score (expectancy), whether the score is the most important determinant for college admission (instrumentality), or if the student is not enthusiastic about going to any particular college (valence). In short, motivation is determined by beliefs about the relationships among effort and performance and the attractiveness of the end result when it is perceived as a direct function of that performance. The weakness of the theory is in its hidden assumptions, such as the following two: first, that the individual is a rational actor whose entire behavior is purposeful; second, that the attractiveness of the end result, rather than the opportunity to indulge in a certain behavior, induces the choice of behavior.

Expectancy theory has several implications for management. It suggests that managers should make an effort to help employees see the relationship between the various job activities they are expected to perform and the desired outcomes. To help employees avoid the frustration that results when the intended outcomes fail to materialize, managers should work with employees to establish realistic expectations. They need to find out the desired outcome an employee is seeking and to work with that employee to establish the necessary efforts to effect that outcome, given the employee's ability. In particular, managers can help employees develop a realistic assessment of their own abilities and can point to ways of

factoring that assessment in to the effort needed to effect a desired outcome. To induce employees to make such an effort, management must present employees with reasonable odds for getting attractive rewards from the organization.

**Adams's Equity Theory.** Equity theory (Adams, 1965) attempts to explain the dynamics of the process used by employees to relate their perceived contribution to the inducements they get in return. The theory asserts that employees compare their efforts and rewards with those of their peers. Following such comparisons, individuals seek to restore equity, if necessary, by adjusting the effort they put forth or by trying to adjust what they get from their employer in accordance with what they think is fair. Equity is felt to exist when the individual's ratio between effort and reward equals the effort-reward ratio of the comparison target. When a disparity is sensed, the individual takes action to restore equity by increasing or decreasing work effort or, theoretically, reward as needed. Although the theory has serious limitations (for example, why would the comparison be made with one employee and not with another?), it has potential for explaining attitudes toward pay and compensation in general. The theory illustrates the salience of fairness as an American value and the feeling of U.S. behavioral scientists that fairness is a factor that influences behavior in the workplace. So far, there is little research to suggest that the notion of what constitutes fairness is an important variable in other than Western cultures.

Equity theory has several implications for managers. To start with, managers can help individuals make a more educated comparison of what they get for their efforts in comparison to others. They can provide employees with proper feedback on their performance and adjust the inducement package (salary, status symbols, public shows of appreciation) offered to employees. When supervisors maintain one-on-one relationships with employees, they may be able to sense when a given employee starts to feel a sense of inequity and deal with it before the employee takes a corrective measure that involves a reduction of effort or a move to another job. Experienced supervisors may be in a position to help employees reassess their contribution to the organization more realistically, to help them overcome any underestimation of the contributions made by the employees to whom they compare themselves, or to take the necessary steps to get the organization to improve the inducement package. A consistent effort to document and study instances of concern with equity across the board may help the organization identify areas where not enough is being done to educate employees about the merit of each contribution and about the organization's way of relating inducements to effort. Equity theory should also remind managers that perception is reality and that the *appearance* of what they do and how they treat different employees has implications for employee motivation.

For public organizations, equity theory poses a specific problem. If public employees (especially managers) must perform like their colleagues in the



private sector (as is increasingly the case) and at the same time labor relations are “normalized” to resemble those common in the private sector (no lifetime employment, strict performance measurement, and so on), it can be expected that these public employees will judge their jobs and salaries in comparison to those of private employees also. But if public managers ask for more authority, greater responsibilities, or better compensation, politicians get upset because they do not want to give up their own influence. What politicians want, as Vice President Al Gore put it in his report for the National Performance Review (1993), is a government that “works better and costs less.”

**Goal-Setting Theory.** Edwin Locke and Gary Latham (Locke, 1968; Latham and Locke, 1979; Locke and Latham, 1990) have asserted that the primary determinants of behavior are the individual’s conscious goals and intentions. Important attributes of goals are *goal specificity* (the degree of goal clarity), *goal difficulty* (the performance level required to achieve the goal), *goal intensity* (the process of setting the goal and determining how to achieve it), and *goal commitment* (the amount of effort expended to achieve the goal). In goal-setting theory, individuals begin to be motivated when they have clear goals, when achieving the goals presents a challenge but is not hard enough to discourage an effort, when what should be done to achieve goals is clear, and when the individual is in a position to make the necessary effort.

Clear goals are necessary but not sufficient for motivating employees. The right kind of feedback on performance is equally important. This feedback can come from different sources: from managers, colleagues, and service recipients and also from the employee’s own assessment of the work performed in comparison to such benchmarks as past performance, the performance of others, work plans, or professional standards. A study by Johnston and Ferstl (1999) examined the motivational implications of the discrepancy between managers’ self-ratings and their ratings by subordinates. The study suggests that managers who overrated themselves in comparison to their ratings by subordinates tried harder subsequently, whereas the performance of managers who underrated themselves in comparison to their subordinates’ ratings dropped their performance even further. Johnston and Ferstl suggest that the feedback revealed to low-motivated underraters that they are exceeding expectations, and this undermined their motivation to maintain even their current level of performance. The possible dysfunction of feedback as a source of motivation is consistent with Vroom’s expectancy theory but is ignored by many other theories. That possibility is ignored by Johnson and Ferstl, who tend to overemphasize the benefits of performance measurement (because it gives employees unbiased feedback) while overlooking the reality that with each subsequent report of efforts falling short of delivering the desired end result, employees might be less inclined to repeat the same effort again or to accept the goal as desirable or feasible.



## Reward Systems

Rewards can be potent motivators, though some writers, like Kohn (1999), question their real value and suggest that they are misleading and cheap attempts to avoid the need to deal with more important issues. According to Klaff (2003), organizations spent \$32 billion in 2003 on awards-related goods and services, up from \$27 billion in 2000, suggesting that they are much in vogue. Awards can be extrinsic, and thus most likely tangible, or they can be intrinsic—known only to the person who receives the reward in most cases. A total reward system includes both monetary and nonmonetary compensation (Schuler and Jackson, 1996). Before proceeding to discuss various kinds of rewards schemes, it behooves us to pause briefly to examine the relationships involved in the use of performance measures, motivation, and rewards. For our purposes here, it should be noted that performance measures can provide a basis for the use of various kinds of tangible rewards to foster motivation. However, performance measurement schemes can be dysfunctional and can undermine motivation in two possible ways. First, for those employees who need to see immediate results or instant gratification, the presence of a performance measurement program may be counterproductive. Employees who have been conditioned by playing video games to experience the gratification of knowing their score immediately or who are immature in other ways may be hurt by the feedback from a performance measure program that indicates no progress or slow progress. After all, in real life, scores that count take time to materialize. Second, as will be elaborated further, the administration of a reward system based on any performance measurement scheme is a delicate matter and can evoke feelings of injustice and inequity. Thus such a reward system may become counterproductive, resulting in the demotivation of employees.

Franco (2004) observes that “few empirical studies exist regarding the impact of the linkage between performance measurement systems and rewards, and their findings seem to show some inconsistencies” (p. 1). She reviews surveys and case studies that have shown positive behavioral and business effects of the use of performance measurement systems to determine rewards. However, she goes on to list other studies that revealed that the use of performance measures, such as scorecards (Kaplan and Norton, 1992), in compensation might produce dysfunctional behaviors that can diminish the value of the performance measurement system and organizational performance in the long run. Based on the presented studies, Franco claims that only a few conclusions can be drawn regarding the positive or negative impact of the use of score-keeping performance measures in reward practices. Probably, Franco (2004, pp. 1–2) notes:

The only propositions that can be formulated are that:

- The use of performance measurement systems can add greater subjectivity to the rewards system.

- Furthermore, if an organization does not have a culture that accepts this subjectivity, or does not have the appropriate processes in place that can moderate the effects that increased subjectivity produces, chances are that the linkage between performance measurement systems and rewards will fail.
- The reasons for developing a performance measurement system should be transparent and communicated to employees from the very beginning of the project, particularly if it involves employee pay. If this communication does not occur, the overall project is at risk of not being implemented.

**External and Tangible Rewards.** Monetary compensation requires an assessment of the employee's contribution to the organization in a way that is deemed fair and equitable to most employees, or it may become a demotivator. The core parameters of direct monetary compensation are derived from sources such as job descriptions, job classifications, performance appraisal records, and longevity with the organization. However, the influence of such parameters on the actual award is sensitive to the prevailing conditions in the business environment, that is, the general state of the economy and the relative cost or difficulty of replacing the employee under consideration. A good compensation system can motivate employees (Hahn and Kleiner, 2002); however, monetary rewards (which are perceived as part of compensation at least for tax purposes) can be problematic in ways over which managers and the organization have little control. The pathology of monetary awards is that without any prior warning, they can turn out to be demotivators.

One of the problematic issues with monetary awards concerns subjective notions of justice, fairness, and equity. What is fair and equitable from a manager's point of view may not be perceived as such by the recipient of the award or by those who have been denied the award. Even when there is no issue of procedural justice—no question about the process used to determine the award amount or who should get it—subjective assessment of its “real” value may distort the message the manager and the organization intended for it to convey. When recipients of monetary awards, or people close to them, feel that the amount of money received is less than what it should have been, the award may turn out to be a counterproductive incentive consistent with the teachings of equity theory as described earlier. The root of the problem is the subjective and temporary nature of any monetary award. The symbolic value of the monetary award is equal to its market value, and in most cases, the environment in which public organizations operate would not allow the use of large amounts of money for awards without waking the sleeping dogs of the media, auditors, public interest watchdogs, and so on. The result is that in most cases, the amount of money used for awards may not impress the recipients or people close to them. Also, once the money is used, the memory of the award fades away, and the

additional tax liabilities the recipient incurred in the process will not entice greater gratitude or commitment to the organization or the managers who arranged it.

Nonmonetary rewards, such as various forms of recognition or better job security, may have no cash value to employees (even when they are not free to the employer), yet they may be as important to employees as rewards that contribute to their net worth when they go out to secure a loan for a new house or car. As Nelson and Blanchard (2004) note, although money is important to employees, thoughtful recognition motivates them to perform at higher levels. In fact, under some conditions, nonmonetary rewards may be more potent incentives than monetary rewards because in addition to having external value, they may also have a lasting, though subjective, added intrinsic value as demonstrated by awards such as the Oscar, the Tony, or the Grammy. In the case of all such awards, whether given by employers, professional associations, or any other organization, there are two elements that make them important to the recipient. First, there is the celebration of an achievement. Consistent with expectancy theory, there is no more potent motivator than a successful experience. Second, there is a celebration of the recognition of such achievement by individuals who are important to the recipient. Thus the true value of any nonmonetary award is not only its extrinsic merit, that is, the potential to influence subsequent employment conditions and celebration of past accomplishment, but also its intrinsic value, the fact that what one is doing is noticed and impresses the “right” people.

As noted by several writers (Schuler and Jackson, 1996; Hahn and Kleiner, 2002), job security became an important nonmonetary reward during the 1990s. However, when considering it, managers should be aware of the possibility that job security can motivate employees to stay with the organization rather than induce them to be more involved in or more committed to their job. By the same token, managers should not confuse commitment to the job with commitment to the organization (O’Driscoll and Randall, 1999). Other important nonmonetary rewards besides various acts of recognition include more autonomy concerning how the job is done, training and development opportunities, and more responsibilities in the job, that is, ad hoc revision of one’s job description.

**Inner Satisfaction and External Inducements.** Although internal satisfaction was recognized long ago as an important source of motivation, the question of whether employers can influence it at will has yet to be settled. In recent years, more research has been done in an effort to understand how jobs can provide intrinsic satisfaction and thus motivate employees (Houkes, Janssen, de Jonge, and Bakker, 2003). For example, Friday and Friday (2003) found that “there are differences with respect to job satisfaction and the intrinsic motivation racioethnically diverse individuals derive from their jobs” and speculate that “understanding how jobs intrinsically motivate individuals of various racioethnic

backgrounds could significantly contribute to explaining racioethnic differences in certain job-related outcomes” (p. 426).

Kohn (1987) reported that creativity and intrinsic interest can diminish when carrying out an assignment that involves the winning of a tangible reward. Because this proposition is not self-evident or intuitive, it is worthwhile to examine the argument and the examples that Kohn offers. It is an article of faith for many managers that rewards promote better performance. Indeed, to most people, the term *reward* itself means that a desired result has been attained. To those who have been superficially exposed to various motivation theories, bestowing an award to encourage a given behavior is consistent with B. F. Skinner’s concept of operant conditioning ([1953] 1965). Yet Kohn (1987, 1992) finds that a growing body of research suggests that this law is not as ironclad as was once thought. He notes that several research findings suggest that rewards can lower rather than boost performance levels, especially when the desired performance involves creativity. For example, one study showed “that any task, no matter how enjoyable it once seemed, would be devalued if it were presented as a means rather than an end” (Kohn, 1987). Still other studies showed that intrinsic interest in a task—the sense that something is worth doing for its own sake, an important element in nonprofit and public organizations—typically declines when a reward for doing the task is offered. Similarly, young children who are rewarded for drawing are less likely to draw on their own than children who draw just for the fun of it, teenagers offered rewards for playing word games enjoy the games less and score more poorly on them than those who play with no rewards, and employees who are praised for meeting a manager’s expectations of them rather than for doing a good job suffer a drop in motivation.

Kohn (1987, 1992) concludes that if a reward—money, awards, praise, or winning a contest—comes to be seen as the reason one is engaging in an activity, that activity will be viewed as less enjoyable in its own right. And if Kohn and the studies he uses are correct, it is possible that managers may unwittingly be squelching interest and discouraging innovation among workers, students, and artists when they take certain paths of action intended to encourage these aspects of productivity.

### Motivation Factor Summary

Combining content and process theories, we can conclude that the most important factors that influence motivation are the characteristics of the individual with respect to his or her needs, the expectations of the individual with respect to his or her capacities, the job content, and the characteristics of the organization in which the individual works. Yet the debate about the positive and negative effects of external incentives has not been settled, and this is one reason why the next section of this chapter provides a brief survey of common approaches to the management of incentive plans.

## INCENTIVES IN THE WORKPLACE

### The Scanlon Plan

The Scanlon Plan was introduced in the private sector by Joseph Scanlon, a leader of the United Steelworkers of America in the 1930s. The plan is based on a collaborative effort between management and employees to improve organizational performance and to share the benefits realized from such improvement. A key element of the plan is therefore the element of cooperation, which is fostered by offering workers an active role in the organization through an exchange of information, the introduction of a suggestion system designed to increase efficiency and to reduce cost, and the use of an agreed formula for the distribution of cash bonuses based on increases in productivity. The plan is likely to be optimal when the participating workforce is small enough for employees to see the relationship between a suggestion for a modification of the way work is carried out and a reward that recognizes the resulting improvement in productivity. It is of special interest that the concept of the Scanlon Plan, introduced in the 1930s, touted such benefits as “elimination of repetitive work to correct mistakes,” “elimination of nonproductive and unnecessary work,” “teamwork,” and “management-employee cooperation”—benefits attributed in the 1990s, using much the same language, to Total Quality Management, reengineering, and the learning organization. The Scanlon Plan has also been presented as an option for making government agencies work smarter through cooperation of management and employees to improve quality control, for eliminating unnecessary and nonproductive work, for improving communication, and for “developing a greater sense of responsibility for completing work in a timely and cost-effective fashion” (Institute of Public Performance, 1980, p. 3).

Although on its face the Scanlon Plan has a lot to offer, its implementation across the board is not a simple matter, and its long-term contribution to real productivity gains is uncertain, for several reasons (Institute of Public Performance, 1980). First, the plan assumes voluntary acceptance of participation due to the attractiveness of a future monetary bonus. It further assumes that because other members of each group (employees or management) will have a stake in winning the award, individuals will be encouraged, if not pressured, by the dynamics of the group relations to come up with suggestions to improve work and generate savings that will translate into bonuses. These two assumptions may not be valid when some members of the group (designated as such by the organization) are professionals who are concerned about keeping their professional autonomy or about a possible conflict between productivity gains and maintenance of professional standards. The paring of the workforce in many public and private organizations in the 1990s increased the sense of “us versus them” among nonmanagerial employees, on the one hand, and members of the

executive ranks on the other. A kind of paranoia also increased, encouraging the belief that additional increases in productivity might be reached only by further paring of the nonmanagerial ranks. Consequently, the incentive to cooperate with other employees on productivity improvement is not as strong as it once was, and the promise of a bonus (a practice employees may associate with previous layoffs) may not be as attractive.

A second reason for doubting the effectiveness of the Scanlon Plan is that even though an employee suggestion may contribute to improved productivity, such gains may be offset by adverse conditions outside the organization. When the organization as a whole is not doing well, it is hard to justify any allocation of bonuses, particularly in the public sector. Attempts to recognize the contributions of individual employees in the U.S. Department of Defense (DOD), for example, resulted in loud public criticism because the public was cognizant only of overpriced DOD purchases and was not able to consider the contributions of single employees outside that context. As far as the public is concerned, a civil servant's job description requires being aware of ways to avoid wasting resources and being creative in not spending unnecessary tax dollars, and these are consequently not matters to be singled out for special rewards. Popular reactions to rewards received by federal employees parallel the General Accounting Office's finding of a "perception that the results of an effective performance management system—improving employee performance, establishing accountability, and promoting employee trust—are not being achieved" (1993, p. 2).

Another problem with any Scanlon-like plan is the difficulty of arriving at an agreed formula for measuring productivity gains, ensuring that all employees understand it, and carrying out the measurement to the satisfaction of all the concerned parties. Here one of the constant concerns is the prospect that employees will do what is necessary to score right on the formula and suppress or manipulate data that might interfere with it. In other words, employees will do what is demanded of them by the conditions of getting the bonus instead of doing things right from a professional or civic point of view.

### **Employee Stock Ownership Plans**

Employee stock ownership plans (ESOPs) share some of the assumptions behind the Scanlon Plan and other profit-sharing programs that exist mostly in the private sector. Here too the idea is to motivate employees by giving them a stake in the success of the organization. Employee ownership can be accomplished in a variety of ways. Employees can buy stock directly, be given it as a bonus, buy stock with the benefit of stock options, or purchase stock at a discount through profit-sharing plans. Employees may also own shares as a cooperative, with each person having a single vote, or they may own individual portfolios of different sizes. Although the ESOP concept can be very attractive when applied in a consistent manner across the board, it has the potential of backfiring

if some groups of employees, for example, salaried employees or managers above a certain rank, get preferential treatment. The stock options made available to top executives in corporate America in the 1990s but not to their subordinates attracted a lot of media attention and criticism. News reports highlighted the windfalls received by top executives who got stock options as part of their employment contracts at the same time as regular employees were facing cuts in salary or layoffs.

Although plans like the Scanlon Plan or ESOPs may not be readily available to managers in the public sector, the attractiveness of such schemes has been steadily growing. This development reflects the trend toward variable-pay programs tied to individual, team, subunit, or organizational performance. In other words, managers like to use these plans because they provide employees with financial incentives to work harder and at the same time are directly related both to employees' performance (as individuals or as members of teams) and to the performance of the organization as a whole. Equally important, and in some cases even more important, the use of variable compensation plans allows managers to reward employees without saddling the organization with the future financial obligations that result from merit raises. As Lubin (1997) observed, "Routine salary increases for nonunion employees appear headed for extinction." Yet she goes on to note that "the shift away from annual merit raises could lower morale and lessen loyalty in an already anxious workforce" (p. B1).

The renewed interest in variable compensation plans also deserves close attention because it represents a move away from coordinated efforts to provide employees with a wholesome work environment, offering something more than economic (external) incentives. These efforts, which were very common in the late 1960s and in the 1970s, involved the concept of quality of working life.

### **QWL: The Concept and the Promise**

The basic premise of *quality of working life* (QWL) programs is that employees who feel better about their jobs are likely to be more productive. According to Carrell, Elbert, and Hatfield (1995), one is likely to have a better QWL "as one's work meets more and more personal needs, such as security, responsibility, and self-esteem" (p. 31). Making work more rewarding, reducing employees' anxieties, encouraging more participation in decisions relating to work and employment, and team building are examples of QWL approaches. Although intuitively the QWL premise seems to be true, closer examination reveals some questions about its validity. This section describes some basic QWL tenets before going on to examine those questions.

According to Glueck (1982), "To attract and retain competent employees, employers must offer high-quality jobs and working conditions because employees wish to maximize the satisfaction of needs, use their abilities to the fullest,



and avoid frustration at work” (p. 146). Toward that end, employers must foster such specific conditions as the following:

- A pleasant physical environment where the job is performed
- Job designs that allow employees to use all their abilities in ways that allow personal and professional growth
- Flexible schedules that are family-friendly and conducive to the professional and social life of the individual
- A work environment where individual rights are protected and many employee idiosyncrasies are tolerated
- Teamwork and communication that allow employees to be aware of what is going on and to participate meaningfully in decisions that shape organizational goals and their own compensation and careers

The *job characteristics model* (Hackman and Oldham, 1975) points to the same conditions. According to this model, positive behavioral outcomes—high motivation, high satisfaction, better performance, and lower absenteeism and turnover—are the result of three aspects of the task experience: employees’ feeling a sense of usefulness, employees’ feeling responsible for the end result, and employees’ knowing the results of the effort. These three aspects in turn are influenced by five job characteristics. Three of these—the alternation of activities in the job, the extent to which the job consists of a series of coherent tasks that lead to visible results (this is known as *task identity*), and the significance of the task for others and the organization—influence employees’ sense of usefulness. A fourth, autonomy in job-planning decision making and job execution, influences employees’ sense of responsibility for the end result. And the fifth, feedback on job outcomes, influences employees’ knowledge about the results of the effort. Because not every individual reacts in the same way to a job with high motivational potential, the model theorizes that the need for personal growth will intervene in the relationship between the job characteristics and the three elements of task experience, as well as in the relationship between the task experience and the behavioral results.

Organizational responses to employees’ QWL expectations include the introduction of flextime work schedules and of benefit plans that allow employees to select their hours and the kinds of benefits most suitable to their needs. Sponsoring quality circles (QCs) and introducing TQM is a way for the organization to allow many employees to have a greater say about organizational goals and work practices. Provision of day care and parent care facilities in close proximity to the workplace and of tuition assistance programs allows employees to meet family needs and professional and personal growth needs more easily.

However, QWL plans have never been common in the public sector. The private sector has adopted them as part of collective bargaining agreements with



unions and to retain talented employees or to attract them from the competition. In the public sector, many of the elements of QWL are regarded as extravagances by legislators, who are reluctant to raise taxes to fund them. Mere talk about them seems to play into the hands of government critics who, from lack of understanding, claim that public employees are overcompensated.

These attitudes were not helpful, but the demise of QWL as an approach to organizing public sector work and human resource management was the result of two other factors. One involved the assumptions concerning motivation, satisfaction, and productivity. The other involved the evolution of the global village and its implication for competitiveness.

Although motivated employees may be more productive than unmotivated employees, job satisfaction is not a sufficient condition for motivation or productivity. Contented employees may be too slow to search for innovations. Some frustration can be a source of motivation, and unhappy employees may be very productive as they try to resolve their frustrations or make themselves attractive to other employers.

In addition, the workaholic culture of the baby boom generation changed some of the significance of the family-friendly work schedule. And the pressure to become lean and mean in order to survive global competition required employers in the early 1990s to contract out services, lay off employees, and reduce overhead expenses. Under these circumstances, job security and employability became more important than workplace ambiance or being excluded from participation in decision making. Though a culture of fear and uncertainty is not healthy or desired in the long run, it seems to serve corporate managers in their efforts to minimize the cost of labor. Due to recent developments in information technology, work can be shifted from localities with high labor costs to places where pay is low, from places where employees insist on collective bargaining to places where pay is by the piece and minimum wages or maximum hours of work per week do not exist. Because of these realities, QWL is a thing of the past in the corporate world, and it is likely to be impossible for managers to retain it, let alone to expand it, in the vulnerable public sector, which is already constantly under attack for not being as efficient as the private sector.

## MANAGEMENT OF PERFORMANCE: EMERGING TRENDS

The growing pressures to contract out and the emergence of the hollow corporation and hollow government along with the developments in information technology suggest that the classic roles of the manager, as identified by Mintzberg (1973), may not exist in the future. The motivational and leadership roles of the manager may shrink, and the responsibility for overall coordination and strategic planning may increase. As “ad-hocracy” (Toffler, 1970; Halachmi, 1989) replaces

bureaucracy, responsibility for creating the necessary conditions for external and internal motivation, incentives, and satisfaction is being shifted from organizations to individuals themselves. As the contractual nature of the relationship between the individual and the organization changes—and the individual moves from being an employee to being a vendor of goods and services—compensation and bonuses become a function of the individual's management of his or her own affairs. Professional growth and self-actualization, under the new conditions of the ad-hocracy, are likewise left to the individual's discretion and initiative. Under these conditions, success is likely to be more a function of the individual's own decisions and willingness to make an effort and less a matter of longevity with the organization or of socioeconomic characteristics that might once have given the individual preference. Under these conditions, maturity and natural talent may result in many rewards to individuals that are denied, especially to public employees, under current legal regulations. At the same time, issues of social justice and a sense of civil unrest among those who do not advance due to lack of talent or willingness to make the effort may raise new questions about the proper role of managers and organizations in society.

## **CONCLUSION: WHAT CAN A MANAGER LEARN FROM A GOOD THEORY?**

A good theory of motivation is one that allows managers to understand what makes individual employees tick and which options are the most promising for influencing. Yet because there is no one theory of motivation that is most useful across different groups of employees and across individuals with different personalities and socioeconomic characteristics, managers need to familiarize themselves with many theories and be cognizant of the strengths and weaknesses of each. Managers should also remember that in many cases, they cannot motivate subordinates because only they can motivate themselves. However, even in these cases, managers can foster the conditions in which it is easier for people to motivate themselves. From the theories presented here, we distill the following recommendations:

- Charge employees with challenging but attainable goals.
- Give them honest feedback on their performance; aim to help them learn and to reinforce their self-efficacy.
- Enlarge their competencies and responsibilities by creating challenges, and facilitate the development of each employee's vision of a future and a career with the organization.

- Create good working conditions (effective and efficient work processes, sufficient and effective tools and means, good group atmosphere and culture, sufficient participation).
- Tune interventions to the needs of the individual employee (tailor-made management).
- Prevent the negative spiral in which insufficient performance leads to more managerial control and less employee autonomy, which leads to decreasing employee commitment, which leads to decreasing employee performance, and so forth. (Avoiding this spiral is especially important.)
- Avoid excessive work pressure that leads to stress and burnout and so to decreasing performance (another negative spiral can start from here).
- Keep people realistic about their capacities and potentials. An inaccurate self-image can lead people to unrealistic career expectations, for example, and to frustration when these expectations are not met.
- Do whatever is necessary to ensure that employees feel they are treated fairly. That means taking all the necessary actions to ensure not only that justice is done but also that everyone knows that justice has been done.
- Demonstrate to employees that they are of concern to both management and the organization.

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# Designing Effective Performance Appraisal Systems

Dennis M. Daley

**T**his chapter focuses on the design of performance appraisal systems. The discussion integrates the specific appraisal instruments with the organizational and individual behaviors that are crucial to a successful performance appraisal system.

In designing a performance appraisal system, an organization must answer five questions: Why do we appraise? What do we appraise? Who does the appraising? When do we appraise? and How do we appraise? Although there may be wrong answers, there are no correct or best answers to these questions. An organization must design its appraisal system around its needs and capabilities. In addition to discussing potential responses to these questions, this chapter provides an example of an objective performance appraisal process and describes a variety of rater errors that must be avoided.

## WHY DO WE APPRAISE?

As a decision-making tool, performance appraisal is designed to structure the assessment process positively. By formally focusing a manager's attention solely on the objective, job-related criteria for assessing performance, an appraisal provides the manager with the means of making appropriate decisions that rationally contribute to the organization's and the individual's effectiveness and well-being (see Chapters Twenty-One and Twenty-Five).

The purposes for which performance appraisal can be employed are numerous. However, they can be grouped into two broad categories—*judgmental* and *developmental*. Although both developmental and judgmental appraisals have enhanced productivity as their goal, they approach it in two quite distinct fashions.

Development focuses on an individual's potential rather than on his or her current level of skills and capabilities. Hence it is essential in such assessments to consider the question, potential for what? Whether viewed from an organizational or an individual perspective, the goal toward which this potential, or growth, is directed needs examination. The organizational need for developing this potential must be determined. That is, will the organization accrue some benefit from developing an individual's potential? The human resource aspects of an organization's strategic planning process should provide the answers to these questions. If an organization is to provide an employee with enhanced skills and abilities, it is important that the organization perceive what reward it expects in return.

Judgmental purposes follow the *management systems, or command-and-control, model* of authority. They are explicitly linked to extrinsic rewards and punishments (see Chapter Twenty-One). In fact, the existence and adequacy of a reward structure are important subsidiary questions regarding the effectiveness of appraising for judgmental purposes (Perry, 1986). Among public sector agencies, the organizational reward structure has proved an important limitation on judgmental purposes, such as the making of decisions regarding promotions and merit pay.

Merit pay is especially in vogue, with many public sector jurisdictions seeing it as a means of enhancing productivity and at the same time cutting costs. However, the reality is somewhat different in that governments regularly refuse to really pay for enhanced productivity (Ingraham, 1993; Perry, Petrakis, and Miller, 1989).

Promotion entails both developmental considerations (what additional competencies does this individual need, and how can they be provided for?) and pay considerations, yet it is a distinct decision. Although the criteria used in assessing performance for pay and in assessing performance for promotion overlap, they also differ. It is even suggested that a separate appraisal for promotion may be appropriate (Cederblom, 1991).

Performance appraisal can also play a significant role in other career moves, such as reassignment and demotion, and it plays a part in retention, reinstatement, and dismissal decisions. The possible negative outcomes are key ingredients in the practice of cutback management.

In addition to all these purposes, performance appraisal plays a role in the validation of personnel techniques. Tests used in the staffing and selection



process are often statistically validated in terms of their ability to predict job performance. That job performance is in turn measured by a performance appraisal instrument.

Individuals hope to receive feedback for improving their performance from the appraisal process. They also do not generally perceive an objective assessment as threatening. To a great extent, this lack of threat can be attributed to the relatively high opinion individuals tend to hold of their own abilities. There is even some evidence for managers seeking out negative comments regarding their own performance from subordinates (Ashford and Tsui, 1991).

Clearly, it may not be possible to mix judgmental and developmental purposes in the same appraisal process (Cascio, 1982; Hyde and Smith, 1982), simultaneously determining rewards and punishments on the one hand and potential on the other. Cognitive research has long indicated that managers are influenced by the purpose of the appraisal in making their judgments (Daley, 1992; Landy and Farr, 1980; Murphy and Cleveland, 1995). The purpose for which an appraisal is to be used shapes and frames how a manager assesses an individual. Even with the most objective appraisal instruments, the criteria take on a subtle and specific perspective.

Multiple appraisals are one suggested solution to this dilemma (Meyer, 1991). Instead of employing one appraisal and using it for a multitude of purposes, the organization makes each specific purpose the focus of a separate appraisal process. In this case, it is important to maintain employee perceptions that the systems are indeed independent of one another. Even so, an organization establishing a performance appraisal process may have to choose between serving judgmental and developmental purposes.

## WHAT DO WE APPRAISE?

The goal of performance appraisal is the enhancement of organizational effectiveness. Thus performance appraisal builds on job-specific criteria, to meet the standard of job-relatedness. Even though legal tenets currently support the use of job-specific criteria only, other measures may eventually attain correlative legal standing. For example, our growing interest in developing open or knowledge-based organizations capable of performing in constantly changing environments has focused attention on high-involvement concepts for the selection and evaluation of the whole person. In this case, organizational analysis is used to identify personal traits and work behaviors that, although not job-specific, are essential elements in the overall successful performance of the organization. The performance appraisal process has also been suggested as a means of assessing ethical behavior (Gatewood and Carroll, 1991).

Nevertheless, job-relatedness is still the chief standard by which the acceptability of a performance appraisal measurement is judged. Established through the 1978 Uniform Guidelines on Employee Selection Procedures (Equal Employment Opportunity Commission, 1997), in response to the Supreme Court's decision in *Griggs v. Duke Power Company* (401 U.S. 424, 1971), the requirement for job-relatedness has been repeatedly reaffirmed and explained by the courts in subsequent rulings (*Brito v. Zia Company*, 478 F.2d 1200, 1973; *Ramirez v. Hofheinz*, 619 F.2d 442, 1980; *Zell v. United States*, 472 F. Supp. 356, 1979). Job-relatedness poses a dual requirement for organizations: appraisal criteria must enable supervisors to discriminate between employees solely in terms of their job performance, and the organization must be able to prove or demonstrate the existence of the relationship between the job and the criteria.

In choosing performance measures, care must be taken to ensure that they are reliable, practical, and controllable. To be reliable, a measure must be relatively stable over time; it must produce consistent readings vis-à-vis similar performances. To be practical, a measure must be readily available to the individuals using it. In addition, it must be viewed as an appropriate measure and be accepted as such by the individuals whose performance is being measured. Finally, to be controllable, it should measure performance in behaviors or results over which the individual actually exercises substantial influence (Gatewood and Feild, 1990).

Performance standards lie at the heart of all effective appraisal systems. Performance standards are meant to anchor an appraisal system to specific, job-related tasks. It is only by adhering to job-related standards that an appraisal system can obtain objectivity and legality. Inasmuch as the standards are consistent with written position descriptions (which form the psychological contract, or expectations basis, on which people are hired), they reinforce that contract. The failure to align a performance appraisal process with an organization's system of position descriptions introduces confusion and leads to ineffectiveness. Hence written performance standards help communicate to workers a clearer understanding of their jobs.

Skills, knowledge, and abilities (SKAs), personal traits or characteristics, activities or work behaviors, and results can all serve as criteria for assessing performance (Milkovich and Boudreau, 1991). However, only behaviors and results are likely to successfully meet the job-relatedness standard. SKAs and traits are specific to individuals and not inherent in the jobs themselves. For this reason, satisfactorily establishing their validity poses a somewhat difficult problem. Although their use is not precluded, establishing the evidence of statistical validity necessary to support their use can be a difficult and costly task.

Skills, knowledge, and abilities include such diverse characteristics as job knowledge, physical strength, eye-hand coordination, business knowledge, and perhaps being licensed. These are the SKAs often included in position descrip-

tions and used as a guide in recruitment and selection. They are intended as a statement of competencies required to perform a given job and if properly developed are likely to discriminate sufficiently between different performance levels. As discriminators, SKAs can serve as the focus of job analysis and the basis for performance appraisal in open or knowledge-based organizations. However, SKAs often represent only the basic or minimum qualifications necessary to perform a job adequately.

Behaviors and results are the foundation on which the two most objective performance appraisal instruments, *behaviorally anchored rating scales* and *management by objectives*, are built. Behaviors are the activities and tasks individuals engage in the performance of their jobs; results are the activity outcomes (Daley, 1992; Landy and Farr, 1983; Murphy and Cleveland, 1995).

An exclusive concentration on either behaviors or results has specific disadvantages. An overemphasis on results can sacrifice long-term advantages and interests for quickly won short-term gains. In addition, an overemphasis on results can lead to the ignoring of secondary functions (such as helping customers or other employees even though that is not one's specific job), the contributions of which are not so clearly seen or as easily measured yet are nevertheless important to the organization's success. Furthermore, an overemphasis on results can also foster unethical conduct in reaching those results.

Equally, an exclusive focus on behaviors and processes is to be avoided. An overemphasis on correctly performing work behaviors can lead to excessive red tape. (Indeed, in many organizations, employees find that *working to rule* is a highly effective weapon for bringing management to the bargaining table. In both the public and private sectors, it is proving to be more effective than threats of a strike.) Selecting a mixture of behaviors and results tends to provide balance in the performance standards.

Whatever the criteria used, an appraisal instrument needs to discriminate, at a minimum, two levels of performance. This basic pass-fail option may be augmented with other performance levels designed to distinguish other degrees of superior performance than just those that are fully satisfactory.

A final concern is the participation of employees and supervisors in the development of performance standards. Such participation introduces a number of positive features, including employee acceptance of the performance appraisal system, a crucial element in determining whether the system will be successful. In addition to conferring legitimacy on the appraisal system, participation affords employees an opportunity to voice their concerns and assists in clarifying potential misunderstandings. The net result is to leave the employee with the sense of having a stake in the appraisal process. Without participation and the legitimacy it entails, the performance appraisal task is more difficult (Cawley, Keeping, and Levy, 1998; Roberts, 2002).

## WHO DOES THE APPRAISING?

Traditionally, the immediate supervisor is the person responsible for appraising subordinates (Mohrman, Resnick-West, and Lawler, 1989), in perhaps as many as nine cases out of ten. This makes sense: the supervisor is almost certainly the management individual who is most knowledgeable about both the employee and the job. In fact, performance appraisal is often viewed as a key management system tool for establishing a supervisor's command-and-control authority. In contrast, from a more humanistic "coach and consult" perspective, the appraisal process is viewed as being designed to strengthen the employee-supervisory relationship through the encouragement of mutual understanding.

### Alternatives to Supervisor Appraising

Yet there are some additional and potentially interesting answers proposed to the question of who does the appraising that offer some differing insights into the appraisal process and the supervisor's role in it. These proposals (components of which are used in 360-degree feedback) fall into two general categories—the use of *agency insiders* (for example, self-appraisal, peer review, subordinate appraisal, and multiple raters) and the use of *outsiders* (for example, personnel officials, consultants and assessment centers, and clients and customers).

Self-appraisal asks the employee to evaluate his or her own performance. Inasmuch as the employee is the individual who most accurately knows what his or her own performance is, this can be an extremely useful assessment. Self-appraisal is a technique well suited for use in developmental appraisals because an individual is most knowledgeable about his or her own shortcomings and strengths and is also well aware of what he or she is prepared to do about them. But it is questionable when employed in a judgmental setting, as few people will honestly admit their weaknesses if doing so may lead to negative consequences (Daley, 1992; Mohrman, Resnick-West, and Lawler, 1989; Murphy and Cleveland, 1995).

Peer review is employed in military and academic settings (Landy and Farr, 1983) and in the professions, although it need not be limited to those domains. Research indicates that the assessments from peer ratings are just as accurate as those provided by supervisors (Daley, 1992; Mohrman, Resnick-West, and Lawler, 1989; Murphy and Cleveland, 1995).

Bernardin (1986) strongly advocates the employment of subordinate appraisal. Subordinates are especially capable of assessing aspects of managerial job performance that focus on employee communication and development. Inasmuch as these are organizational goals, subordinate appraisals can actually support hierarchical structures. In such circumstances, the subordinate appraisals become an instrument for monitoring the supervisor's or manager's implementation of the prescribed organizational policy.

Subordinate appraisals can provide managers with feedback and reinforce good behavioral practices (Ashford and Tsui, 1991). In addition, they can enhance the nonmanagerial work environment in an organization, focusing more attention on subordinate concerns. This can be quite important, especially among professional establishments and in the modern client- or customer-driven organizations.

A number of performance appraisal proposals employ upper-level managers (Daley, 1992; Mohrman, Resnick-West, and Lawler, 1989; Murphy and Cleveland, 1995) or team management concepts (Meyer, 1991). Both the superior management and team management approaches are designed to encourage familiarity with an employee's work by managers other than an employee's immediate supervisor. Organizationally, participation by these superior or team managers results in their gaining a better understanding of the interrelationships and workings within their organization.

Team management appraisal can address both development and judgment within the same appraisal process. In this approach, an employee's immediate supervisor performs the developmental role of adviser, coach, and advocate; the judgmental role is fulfilled by the other team managers. In turn, each supervisor presents and argues the cases of his or her subordinates before a panel consisting of the other supervisors or managers. On the basis of these arguments and their personal knowledge of the individuals, the other panel members make the judgmental decisions. In this way, the team performs the judgmental function for the organization, and the individual supervisors play the developmental role for their employees. Supervisors reap the benefits from fulfilling a developmental purpose and from the positive relationships that it helps foster. The onus of judgment is conveniently shifted to the other managers.

Experts from the central personnel office and consultants can be brought in to assess employee performance. The performance appraisal process can be conducted in much the same manner as a job analysis process (Mohrman, Resnick-West, and Lawler, 1989). However, instead of evaluating the activities, behaviors, tasks, and responsibilities that go into making a position, the analysts evaluate the employee's performance level on those same items. Productivity studies, in fact, often have this process as their focus. Instead of assessing actual job performance, another option evaluates employees on the basis of their participation in an assessment center.

For external or outsider appraisals, an organization may also turn to its clients or customers (Mohrman, Resnick-West, and Lawler, 1989). Because public agency customers and clients are taxpayers and voters in addition to being recipients of services, public involvement in appraisals is more commonplace among government agencies than among private sector organizations. In fact, it may be perceived as a defining aspect of public organizations. What is perhaps not so readily acknowledged is the legitimate involvement of members of the public in the specific operations of agencies and in their personnel matters.

The advantages of employing multiple raters or outside assessments depend on the knowledge that these raters possess of the individual jobs, of the individuals being rated, and of the performance appraisal process. Information failure, with its deleterious consequences (to which all methods are prone), is more readily evident in these situations. Hence rater training is all that much more crucial.

### 360-Degree Appraisal

The combination of a number of these information sources (especially supervisor, subordinate, peer, and even self-ratings) is the basis for 360-degree feedback (Murphy and Cleveland, 1995; Edwards and Ewen, 1996; Pollack and Pollack, 1996; De Leon and Ewen, 1997; De Nisi and Kluger, 2000; Ghorpade, 2000; Toegel and Conger, 2003). With its flatter hierarchy and professional staff, the modern organization is, on the one hand, forced to seek out nonsupervisory sources for appraisal and, on the other, blessed with highly knowledgeable employees. Hence 360-degree feedback promises to provide a more balanced form of appraisal. Of course, 360-degree appraisal is designed to serve as a developmental instrument. When it is transformed into a judgmental appraisal, 360-degree appraisal loses its effectiveness and often engenders employee distrust.

This technique is especially useful when employed for developmental purposes (Lepsinger and Lucia, 1997; De Nisi and Kluger, 2000; Ghorpade, 2000; Toegel and Conger, 2003). However, it is somewhat problematic when incorporated in a judgmental system. Subordinates and peers are especially likely to be concerned with an appraisal that is used judgmentally. Such a transformation is viewed quite negatively and erodes employee loyalty. Depending on the purpose the appraisal is intended to serve, individual ratings may differ in up to a third of the cases; the frame-of-reference provided by the appraisal's psychological purpose creates differing standards against which performance is judged (Waldman, Atwater, and Antonioni, 1998).

Like any other performance appraisal system, 360-degree appraisals must be focused on job-related components. The training for raters (and the possible effects of rater error) is much more important. Because 360-degree appraisal is a highly participative technique, its success or failure has greater symbolic significance and implications than a nonparticipative and less visible approach (Waldman, Atwater, and Antonioni, 1998).

## WHEN DO WE APPRAISE?

Performance appraisals should be geared to the work cycle. In order to make judgments about an individual's performance, an assessor must see that performance in its entirety. Hence performance appraisals need to be based on a time period sufficient for the accomplishment of the job's responsibilities. Whether this period is six months or six years should be determined by the demands of the job.

In most circumstances where an annual cycle is employed, the timing decision is reduced to a choice between the anniversary date and focal point methods (Daley, 1992; Mohrman, Resnick-West, and Lawler, 1989). These two approaches are basically mirror images of one another, trading off their respective advantages and disadvantages.

Under the anniversary date approach, appraisals coincide with the anniversary of each individual's date of employment. As a result, the anniversary date appraisal cycle spreads the supervisor's workload over the course of the entire year. Given the large number of employees for whom an individual supervisor may hold appraisal responsibility, this can be advantageous. Although the number of appraisals is the same under both approaches, the supervisor's ability to manage them is improved under the anniversary date approach. With the supervisor no longer facing an avalanche of appraisals, the quality of individual appraisals should be improved. Each appraisal and each employee receive the attention they deserve.

However, the anniversary date method also has a number of shortcomings. Disadvantages may flow from a lack of timely measurement information. The criteria used for assessing performance are themselves subject to work cycles and the vicissitudes of data collection. Up-to-date or appropriate measurements may not be available for use at the time of an anniversary date appraisal. In addition, the anniversary date method limits comparability. Supervisors find it more difficult to judge employee performances vis-à-vis one another. This is true even for employees who have virtually the same jobs.

In the focal point approach to performance appraisal, the supervisor conducts all the employees' evaluations at the same time. Appropriate results or measurement information and data collection can then be arranged to coincide with the needs of the appraisal process or vice versa. The focal point method addresses many of the problems discussed previously, but it does so by piling up the supervisor's workload. Therefore, even though comparability and also equity and fairness concerns can be more adequately monitored with a focal point approach, the appraisal process itself may suffer from a lack of supervisory attention to detail. With too many employees to appraise, the individual appraisals may become perfunctory. However, in public organizations, because they often operate with smaller spans of control and consequently with more supervisors than are typically found in the private sector, this need not be a serious problem.

## HOW DO WE APPRAISE?

Since the passage of the Civil Rights Act of 1964, case after case brought before the U.S. courts has led to the mandating of objective personnel practices. Although these practices had been exhaustively advocated by personnelists prior to the 1964 act, the courts in enforcing the civil rights legislation provided strong and compelling legal support for their employment. The extension of the *Griggs*



decision to include performance appraisal systems (*Connecticut v. Teal*, 457 U.S. 440, 1982) broadens that mandate.

Current case law outlines six legal criteria for constructing performance appraisal systems. According to Burchett and De Meuse (1988), these criteria require attention to job analysis, job-specific work behaviors, communication, supervisory training, documentation, and monitoring.

*Job analysis* (see Chapter Twenty-Three) is the foundation for performance appraisal, as it is for a number of personnel practices (Daley, 1992; Murphy and Cleveland, 1995). The courts view it as essential that the performance on which an individual is to be appraised be clearly understood by both employee and supervisor (*Albemarle Paper Company v. Moody*, 442 U.S. 405, 1975; *Wade v. Mississippi Cooperative Extension Service*, 372 F. Supp. 126, 1974; *Patterson v. American Tobacco Company*, 586 F.2d 300, 1978; *Carpenter v. Stephen F. Austin State University*, 706 F.2d 6708, 1983). Without this mutual understanding of job requirements that an employee is expected to fulfill, it is impossible to either perform or evaluate that employee's work.

Up-to-date job analyses delineate the job duties and responsibilities; hence they are the appropriate basis on which to assess employees. Job analyses inform employees what is expected from them and remind supervisors what their employees are being asked to do. The specific evaluation factors used in an appraisal instrument are then designed to measure the performance of the tasks indicated by the job analysis.

Public administration's existing emphasis on job-relatedness, derived from the ideological value placed on the merit principle, dovetails with the employment of objective personnel management techniques such as behaviorally anchored rating scales (Daley, 1992; Latham and Wexley, 1994) and management by objectives (Daley, 1992). According to court rulings (*Brito v. Zia Company; Zell v. United States*), *job-specific work behaviors* are to serve as the basis for the evaluation of an employee's performance. Although subjective observations may offer certain theoretical insights, the courts are reluctant to fully sanction their use (*Zell v. United States; Ramirez v. Hofheinz*). The employment of subjective assessments requires careful consideration and is best used in conjunction with more objective aspects of performance appraisal.

*Communication* among employees and supervisors is also essential to performance appraisal. Individuals must be aware of the performance standards used to evaluate them (*Rowe v. General Motors*, 457 F.2d 348, 1972; *Zell v. United States*). Feedback is essential for the improvement of performance. Individuals seek out feedback on their performance. Midterm reviews add to the effectiveness of the feedback process.

*Supervisory training* is another criterion for acceptable appraisals. Although training in the use of complex technological equipment is readily acceded to by organizations, developing the competencies of employees and managers in the behavioral aspects of management often meets with aversion. Nevertheless, su-



pervisors cannot be left without any guidance in the application of the performance appraisal processes (*Rowe v. General Motors*; *Harper v. Mayor and City Council of Baltimore*, 359 F. Supp. 1187, 1972; *Carpenter v. Stephen F. Austin State University*). Like any tool, performance appraisal requires that users be instructed in its proper and safe use.

The criterion of *documentation* addresses the somewhat more negative issue of legal defensibility. Public trials in which the accused can both confront and cross-examine the witnesses and evidence against him or her are an integral element in the American way of life. These principles are seen to adhere in court rulings on performance appraisal (*Marquez v. Omaha District Sales Office, Ford Division of the Ford Motor Company*, 440 F.2d 1157, 1971; *Turner v. State Highway Commission of Missouri*, 31 EPD 33, 352, 1982). The importance attached to an individual's job is such that the courts have extended the rules of evidence to cover the employment of performance appraisal systems. Organizations must be able to produce evidence in support of their personnel decisions, especially in those incidences where severe sanctions and job loss are imposed.

The Supreme Court's ruling in *Connecticut v. Teal* extended the requirements of the 1978 Uniform Guidelines on Employee Selection Procedures to include performance appraisal systems. In essence, a performance appraisal is treated like any other job test. If employed by an organization, performance appraisals must be validated as job-related. Hence the impact of the performance appraisal process on job changes is subject to scrutiny. All measures of discrimination, including the three-fifths or 80 percent rule as is used to test for the presence of an adverse impact (that is, the pass or selection rates from two sets of similar applicants should not vary by more than 20 percent), apply to appraisals as well as to any other testing situations.

Due process considerations also underlie the requirement for *monitoring*. Organizations must check to see not only that their appraisal systems are up-to-date (*Carpenter v. Stephen F. Austin State University*) but also that they are not being abused (*Rowe v. General Motors*). Performance appraisal standards based on out-of-date job analyses fail to reflect current job requirements, and the employee is often left with the unenviable catch-22 task of either doing the job correctly or following procedure correctly. In addition, liability litigation documents numerous cases involving the abuse of authority. Grievance and discipline appeal provisions can build in safeguards against managerial and supervisory abuse of the performance appraisal process.

## BEHAVIORALLY ANCHORED RATING SCALES

Behaviorally anchored rating scales (BARS) are extensions of the subjective graphic rating scale. They are a clear attempt to translate the graphic rating scale, which lacks a clear definition of performance objectives and of levels of performance (see Exhibit 22.1), into an objective appraisal system. They address

**Exhibit 22.1. Employee Performance Evaluation Form.**

Employee's Name \_\_\_\_\_ Class Title \_\_\_\_\_

Evaluation Period: From \_\_\_\_\_ To \_\_\_\_\_ Department \_\_\_\_\_

<b>Instructions:</b> Place a check mark in the box that most appropriately indicates your judgment on each characteristic. Complete all items for all employees. The difference between ratings by employee and supervisor must be discussed.	EMPLOYEE				SUPERVISOR			
	N/A	EXCEEDS EXPECTATIONS	MEETS EXPECTATIONS	NEEDS IMPROVEMENT	N/A	EXCEEDS EXPECTATIONS	MEETS EXPECTATIONS	NEEDS IMPROVEMENT
<b>1. Dependability</b> A. Punctuality B. Does not abuse sick leave C. Does not abuse overtime D. Absenteeism E. Starts work tasks on a timely basis F.								
<b>2. Attitude</b> A. Interest in job B. Commitment to and support of organization C. Toward other employees D. Toward public E.								
<b>3. Quality of work</b> A. Thorough B. Useful and effective C. Completed in timely manner D. Accurate E. Neat F.								
<b>4. Initiative</b> A. Aware of what needs to be done B. Starts assignment without specific instructions C. Follows through on work assignment D.								
<b>5. Judgment</b> A. Use of common sense and logic B. Can make appropriate decisions under stress C.								
<b>6. Cooperation</b> A. Works when and where requested B. Within department or division C. With other departments or divisions D. With management (supervisors, administration, department heads) E.								

**Exhibit 22.1. Employee Performance Evaluation Form, Cont'd.**

Instructions: Place a check mark in the box that most appropriately indicates your judgment on each characteristic. Complete all items for all employees. The difference between ratings by employee and supervisor must be discussed.	EMPLOYEE				SUPERVISOR			
	N/A	EXCEEDS EXPECTATIONS	MEETS EXPECTATIONS	NEEDS IMPROVEMENT	N/A	EXCEEDS EXPECTATIONS	MEETS EXPECTATIONS	NEEDS IMPROVEMENT
<b>7. Quantity of work</b>								
A. How much is accomplished								
B. Efficient use of time								
C.								
<b>8. Safety</b>								
A. Other employees/visitors								
B. Personal work habits								
C. Use of equipment								
D.								
<b>9. Learning and self development</b>								
A. Knowledge of job								
B. Updates and increases knowledges, abilities, and skill levels								
C.								
<b>10. Personal</b>								
A. Appropriately dressed								
B. Hygiene								
C.								
<b>11. Leadership</b>								
A. Planning								
B. Organizing								
C. Directing and coordinating activities								
D. Control								
E. Ability and willingness to assume responsibility								
F. Accountability								
G. Use of staff effectively and efficiently								
H.								
<b>12. Overall evaluation</b>								

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Employee signature \_\_\_\_\_ Date \_\_\_\_\_

Supervisor signature \_\_\_\_\_ Date \_\_\_\_\_

Department head signature \_\_\_\_\_ Date \_\_\_\_\_

The above signatures indicate having read the performance evaluation and having discussed differences.

\_\_\_\_\_

and correct for many of the subjective issues that cloud the validity and inhibit the use of graphic rating scales (Bernardin and Beatty, 1984; Landy and Farr, 1980; Latham and Wexley, 1994).

Although behaviorally anchored rating scales have received much attention in the private sector, they are also relevant to governmental settings. The emphasis BARS place on inputs and processes rather than on outputs and results is perhaps even more characteristic of the public sector organization than of the private. By the very nature of the type of tasks assigned or left to the public sector, employees in government agencies are even more likely to engage in group activities and operate under conditions of fragmented authority. These are all factors that are particular strengths in the BARS approach to performance appraisal.

Both the BARS and MBO approaches emphasize detailed job analyses. Ideally, performance appraisal should be able to work off the same job analysis system used in the development of an organization's position descriptions and position classification system (and employed as a guide in the selection process and for designing training programs). Unfortunately, many organizations, especially in the public sector, employ different systems of job analysis when it comes to selecting people to perform a job and when it comes to assessing their performance on that job.

The extent to which the jobs individuals were formally hired to fill and the jobs they are evaluated on overlap is not certain. Changing work environments, the time lags in the mechanics of updating systems, and the organizational units and rules governing the employment of job descriptions and performance appraisals all combine to create a situation prone to confusion.

The critical incident technique forms the central component in the BARS system. A job analysis, complete with questionnaires and confirmatory desk audits, is conducted on similar positions. Personnel analysts and subject matter experts (SMEs), such as incumbent jobholders and supervisors, sift through the resultant job responsibilities, activities, or behaviors to identify those that are deemed most critical to its performance. It is assumed that these critical incidents will involve both quality and quantity considerations.

After the selection of a representative set of critical incidents for each job group has occurred, an overall or generalized scale is developed to allow different job groups to be compared. The previously identified individual job responsibilities are grouped into separate, independent dimensions or factors. Usually a half-dozen to a dozen overall factors are identified in this manner. Though all of them need not be applicable to every job, most would be entailed or included in the analysis or evaluation of a specific job. Statistical analysis—correlations, factor analysis, or discriminate analysis—is performed to check that the factors are indeed independent. The advantage of multiple measures can easily be lost if a halo effect leads the perceptions on one factor to unduly influence the assessment of other factors.

The BARS job analysis represents a passive application of participative management. Employee involvement and acceptance of the process's results constitute its participative dimension. However, this can be sufficient to provide the employee with the sense of being a stakeholder in the organization. A thorough job analysis is the result of a fully collegial process in which employees and supervisors reach mutual understandings on the nature of the organization's jobs.

Following the selection of a representative set of critical incidents, the personnel analysts and SMEs then proceed to anchor these behaviors with a series of specific examples of acceptable and unacceptable performance. These examples are usually collected in conjunction with the job analysis itself, but they may also be assembled on a secondary basis. While examples of exceptional and unacceptable performance levels are relatively easy to envision, examples of work levels that fall in between these two extremes (which are also essential to a BARS approach) often prove more difficult, and a special effort must be made to ensure that these middle levels are adequately anchored.

As a practical matter, to save on costs, the courts require that an organization only has to formally anchor every other evaluation category. In a five-point system, for example, only levels one, three, and five need to be anchored. Behavior that is better than that described for level three but less than that specified for level five can be assumed to be at level four. However, it is important to note that two adjacent levels cannot be left unanchored (that is, levels two and five cannot be anchored leaving levels three and four undefined) for there would be no logical basis for allocating performance to one rather than the other.

The number of performance levels and whether the levels themselves are verbally labeled is optional. Courts are willing to allow systems with as little as two levels ("acceptable" or "meets performance measures" and "unacceptable" or "fails to meet performance measures"). The Pension Benefit Guaranty Corporation, the U.S. Department of Education, and the Food and Drug Administration have employed pass-fail appraisals (Skoien, 1997). Most systems use more and also tend to use some form of description—"unsatisfactory," "poor," "acceptable," "good," "outstanding," and so on—with their ratings in addition to numerical values. However, there is a problem with using descriptions: the descriptions can carry unintended connotations, especially if the words used have more than one meaning. This danger must be taken into account in using and anchoring descriptive labels.

In anchoring behaviors with specific examples, BARS has two major options to choose between—*behaviorally expected scales* (BES) and *behaviorally observed scales* (BOS). The BES approach represents a management judgment call as to what can be done; supervisors establish or designate the levels of performance to be expected from employees. This always involves some question as to how realistic these expected performance levels are.

In a BES system, expectations are measured using a Thurstone scale wherein managers indicate behavior levels that they favor or find objectionable. However, studies often find that managers, at least initially, have overly simplistic views of what can be accomplished and concomitantly underrate the difficulties and obstacles employees face. However, BES objectives can serve to motivate employees by providing them with a goal worthy of accomplishing. Unfortunately, as that goal is stretched into unreality, motivation gives way to despair.

For BES objectives to work, they must be accompanied by “structural accommodation” and “bureaucratic immunity.” *Structural accommodation* develops a high degree of worker autonomy (decision making) and empowerment (resource allocation) over how to accomplish the task. It instills the confidence and willingness to achieve the goals. *Bureaucratic immunity* preempts the organization’s ordinary standard operating procedures and control processes, which can thwart change and success (Thompson, Hochwarter, and Mathys, 1997).

In contrast to the promethean “stretch objectives” that BES systems can introduce, a BOS approach anchors its behaviors firmly in the reality of the situation (Latham and Wexley, 1994). A Likert scale is used in measuring performance. The standards by which people are judged are based on performance levels that have actually been accomplished. This adds to their legitimacy and to the legitimacy of the performance appraisal process itself. Because they also instill confidence in the organization and its managers, the standards can also serve to motivate individuals to strive harder. Since the outstanding levels (and the rewards attached to them) are not figments of someone else’s imagination, they are seen as obtainable.

## AN MBO APPRAISAL SYSTEM

Behaviorally anchored rating scales are one of the two most objective approaches to performance appraisal; the other is management by objectives (MBO). The organizational introduction of objective appraisal using either approach should be accompanied by a series of training sessions and supported with supervisory and employee handbooks.

This is how a typical MBO appraisal process might evolve (see Exhibit 22.2). The supervisor and employee initiate the objective performance evaluation process by jointly completing a job description document titled “Performance Management Program Work Plan.” This is the first of three steps in the process. It is completed at the beginning of the annual appraisal cycle, and steps 2 and 3 are written up at the cycle’s conclusion.

The employee is given prior notice of the preliminary conference. A worksheet and copies of previous evaluations are supplied to the employee for use as guides. It is specified that both supervisor’s and employee’s worksheets are

Exhibit 22.2. MBO Appraisal.

Performance Management Program Work Plan

Employee's Name: \_\_\_\_\_ Position: \_\_\_\_\_  
Supervisor's Name: \_\_\_\_\_ Position: \_\_\_\_\_  
Date of Performance Planning: \_\_\_\_\_  
Date of Interim Review Discussion: \_\_\_\_\_  
Date of Performance Appraisal Discussion: \_\_\_\_\_  
Appraisal is for period of: \_\_\_\_\_  
Effective date: \_\_\_\_\_

Combined KRR Rating \_\_\_\_\_

Key Responsibilities/Results	Results Expectations	Tracking Source/Frequency	Actual Results	Rating

Exhibit 22.2. MBO Appraisal, Cont'd.

Development Plan

Development planning is a way of analyzing an employee's strengths and weaknesses to determine actions that can maintain or improve job performance and areas needing additional job training and education. After completing the overall summary rating and discussing the results with the employee, indicate below the knowledge, skills, and abilities that need development or strengthening. Then indicate the appropriate training or education that should improve the performance. The supervisor and employee should list their responsibilities to make sure the plan is completed before the appraisal occurs. This document should also include any specific improvement plans or activities identified during the interim review.

A. Knowledge, Skills, and Abilities:

B. Training and Education:

Supervisor's Responsibilities:	Employee's Responsibilities:
--------------------------------	------------------------------

Employee's Signature _____	Date _____	Supervisor's Signature _____	Date _____	Manager's Signature _____	Date _____
-------------------------------	------------	---------------------------------	------------	------------------------------	------------



Overall Performance Summary

Interim Review Comments:			
Employee's Signature _____ Date _____		Supervisor's Signature _____ Date _____	
		Manager's Signature _____ Date _____	
Please summarize employee's overall job performance based on information for each expectation:			
Overall summary rating: _____			
Supervisor's Comments:		Employee's Comments:	
Employee's Signature (Does not mean you agree but that your performance has been reviewed with you.)		Supervisor's Signature	
Date _____		Date _____	
Manager's Signature		Date _____	

to be filled out “in pencil” (online appraisal systems specify “on the word processor”). This instruction is designed to remind both parties that no final decisions have been made and that the meeting is supposed to truly be participative.

The supervisor and the employee select up to eight or ten major responsibilities (four to five are the norm) and write them down in a results-oriented format, describing specific performance standards against which the achievement of the results can be measured. Each responsibility may have more than one measurable, objective standard associated with it.

Objective standards fall into three categories. Historical standards contrast one period in time with another (for example, they relate the upcoming year’s “potholes filled” to the previous year’s). Engineered standards focus on numbers of things in specific time frames (for example, the number of potholes to be filled in one year). Comparative standards measure expected results against a norm for an industry, similar work unit, or employee performing the same duties (for example, the turnover rate among municipal employees generally or in specific types of jobs).

During the employer-supervisor conference, the individual responsibilities are weighted through the use of an additive (or multiplicative) formula that factors in the time spent on each task and the evaluation of its importance or of the consequences of task error. A five-point Likert scale is used for both measures. Time is calculated as a percentage of the whole job or as hours spent on a task. Consequences encompass financial loss, client dissatisfaction, time required to correct errors, broken equipment, and psychological stress.

Should these responsibilities require modification due to changing circumstances, the supervisor and employee can prepare a new first-step statement. During the course of the evaluation period, the supervisor is also encouraged to use a critical incident approach, wherein the supervisor jots down noteworthy efforts and places them in an evaluation file. Employees can of course maintain their own list of supervisor noteworthy efforts. Both formal (with a written copy inserted into the employee’s file) and informal communications between employees and supervisors are encouraged. For negative incidents, it is important that a record of recommended corrective action be documented; the employee must be notified when he or she is doing something wrong, and the supervisor must indicate how the employee can correct the behavior.

At the end of the annual evaluation period, another conference is scheduled at which the supervisor and employee discuss the information that will result in the employee’s formal evaluation. As with the first conference, the employee has advance notice. The employee and supervisor meet to discuss the employee’s job performance in light of the responsibilities and results expected that they had outlined initially. Worksheets are again used at this meeting, with the formal written evaluation (“Performance Management Program Work Plan”) prepared only afterward. The employee will also have an opportunity to comment formally on the written evaluation.

The overall employee rating is the weighted average of the individual responsibility ratings. Each responsibility's weight has been determined at the beginning of the appraisal period by dividing its time and importance raw score (varying from 2 to 10) by the total for all raw scores and converting the result into a percentage. This percentage is then multiplied by the individual rating assigned by the supervisor to that responsibility. At the end of the appraisal period, the degree to which the employee achieved the standards for each responsibility is rated on a five-point scale on which 1 indicates unacceptable; 2, needs some improvement; 3, competent performance; 4, very good; and 5, outstanding. The rounded-up tally of the weighted responsibility ratings is then used as an overall measure, employing the same five-point-scale terminology.

In the third and final step, the supervisor completes an essay entitled, "Development Plan." Along with the Overall Performance Summary the essay gives the supervisor the opportunity to list the employee's "areas of strength" and "areas needing improvement." The supervisor also completes "training and development plans" for correcting the areas needing improvement.

## MBO CAVEATS

Because private sector organizations tended to be overcentralized, MBO approaches often contributed to a decentralization of power to lower-level decision makers. In the public sector, however, the reverse experience often occurred. Public agencies are, perhaps somewhat surprisingly, relatively decentralized in terms of actual policymaking. The introduction of MBO systems led to a centralization of power as upper-level managers gained more control over the actual objectives and activities of their subordinate units. By documenting what is to be done, MBO provides managers with a performance scorecard.

The step from MBO as an overall management system to its employment as one for *appraisal by objectives* is straightforward and simple. Though it has many advantages, the employment of an MBO approach is not without its limitations.

It is quite difficult for an MBO approach to assess performance and simultaneously identify potential. Although simply having subordinate acceptance of performance standards is often considered a workable approach, MBO actually assumes that objectives are arrived at through a more actively participative process. Supervisors and employees are envisioned as discussing and negotiating performance standards that are mutually acceptable. Standards are not imposed but are arrived at in an atmosphere of understanding and cooperation. MBO, like the BARS approach, functions better in a more participative environment. When MBO and BARS systems are used as developmental tools, judgmental or disciplinary needs can be handled through the use of a corrective counseling report (see Exhibit 22.3).

**Exhibit 22.3. Corrective Counseling Report.**

Location: \_\_\_\_\_ Employee's Name (*please print*): \_\_\_\_\_ Date: \_\_\_\_\_

Position: \_\_\_\_\_ Social Security Number: \_\_\_\_\_ Time: \_\_\_\_\_

## 1. Reason for corrective counseling:

\_\_\_\_\_ Attendance    \_\_\_\_\_ Carelessness    \_\_\_\_\_ Insubordination  
 \_\_\_\_\_ Tardiness    \_\_\_\_\_ Work quality/quantity    \_\_\_\_\_ Does not follow procedure  
 \_\_\_\_\_ Other: \_\_\_\_\_

Describe facts in detail: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## 2. Possible consequences if performance and behavior are not corrected:

\_\_\_\_\_ Termination    \_\_\_\_\_ Loss of position    \_\_\_\_\_ Other: (*please explain*) \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

## 3. To avoid the consequences of further discipline, the employee must take the following action: (Explain in detail so that the employee can measure progress.)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

4. Manager will determine if employee's progress is acceptable by: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Month    Day    Year

5. Date the required performance must be accomplished by: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Month    Day    Year

I acknowledge that I have received a copy of this report:

Employee's signature \_\_\_\_\_ Date \_\_\_\_\_

Manager's signature \_\_\_\_\_ Date \_\_\_\_\_

Employee is encouraged to make any comments on separate attached sheet.

Copies: Employee    Personnel file    Manager's file

Finally, MBO may overstate the demand for results without focusing on or directly assisting with the means for achieving them. The conditions or resources necessary for successful implementation are assumed to be automatically provided for. Private sector organizations more readily assume that requisite resources will be forthcoming when goals and objectives are agreed on than is often the case in the public sector (Kearney, 1979; Odiorne, 1965).

The specific focus on results can also lead to MBO systems in which quantifiable or easily achieved objectives subvert the process. Although this smooths out the immediate task of completing the MBO and the performance appraisal, it loses sight of the underlying purpose. The MBO ceases to reflect the reality of the job and to focus attention on the important objectives. It becomes an “activity trap.” MBO ceases to be a tool assisting in decision making and becomes an obstacle to effective management (Albrecht, 1978; Murphy and Cleveland, 1995).

MBO is a means for setting priorities and allocating resources for achieving them. However, the political environment that predominates in the public sector often prefers to work in ambiguity. This has proved to be a major drawback in the implementation of public sector MBO.

## RATER ERROR

Performance appraisal is a human process. Although the tendency to focus attention on the process tools can draw attention away from this fact, it remains the essential fact of performance evaluation. The development of psychometric accuracy has produced performance appraisal instruments of complex sophistication. Yet the resultant objective BARS and MBO appraisal systems are only as good as the people who use them. For all their advantages, they are still only tools for aiding us in making our decisions. Thus the issue of rater error must be considered.

Rater error is extensively treated in the performance appraisal literature (Daley, 1992; Landy and Farr, 1980; Latham and Wexley, 1994; Murphy and Cleveland, 1995). As indicated in the following list of error sources, not all rater errors deserve that name.

### *Organizational Attributes Causing Error*

- Lack of clarity or misunderstanding of goals
- Hidden agenda of using performance appraisal as control mechanism
- Unrealistic expectations
- Work that occurs as a group and not an individual activity

### *Structural Attributes Causing Error*

- Supervisors not trained
- Goals not set

- Appraisals adjusted to fit predetermined decisions
- Employees that match behaviors to limited, incomplete set of criteria

### *True Rater Errors*

- Job responsibility errors
- Contrast errors
- Unidimensional errors
- Interpersonal errors

Much “rater error” is in reality supervisory adjustment to organizational attributes and demands (Daley, 1992; Longenecker, Sims, and Gioia, 1987; Murphy and Cleveland, 1995). Although the impact of these adjustments may be deemed negative, they are neither accidental nor totally within the control of the supervisor to correct. Goals may be unclear or misunderstood due to communication problems. A hidden agenda may be the desire to use performance appraisals as a means of controlling employees rather than for encouraging productivity. The expectations may be unrealistic in terms of what can be accomplished on the job. Finally, results may be due to activities of groups rather than individuals. The supervisors endeavor to coordinate workers and obtain productivity within this organizational system, and the performance appraisal becomes part of the organization’s overall management control system (Swiss, 1991).

Structural problems can undermine the appraisal instruments themselves. And the failure to develop objective appraisal systems can lead to inconsistent or unreliable appraisals. Specifically, the failure to provide adequate supervisory training in the use of objective systems can result in a loss of consistency and reliability. An inability to set goals or neglect in goal setting produces similar faults. Objective appraisal systems operate only when results can be compared against expectations. The failure to establish goals and objectives leaves the system with no expectations. Because managers and supervisors take an appraisal’s specific purpose into consideration when making their evaluations, using the appraisal for another, unintended purpose only confounds the process.

The performance appraisal process can be abused when personnel decisions precede appraisals and decision-making relationships are inverted. Instead of serving as an aid in decisions regarding employee promotion, pay, dismissal, or development, the appraisals are interpreted to justify predetermined decisions.

On a somewhat more technical level, additional problems arise when employees match behavior to job evaluations and the criteria prove incomplete. It is difficult to fault employees for not doing what is not asked of them; yet sins of omission can be just as deadly as the sins of commission. Ideally, an appraisal system is designed to objectively encompass all the needed tasks. In reality, important tasks are often ignored or unforeseen. Redesigning the appraisal process to be more comprehensive is essential in such circumstances.

True rater errors can in many cases be corrected through the employment of objective appraisal instruments. In other instances, more thorough supervisory training is recommended.

Job responsibility errors are committed whenever the organizational importance of the responsibilities inherent in the job is substituted for an accurate measure of the incumbent's job performance. An important and demanding job requires an individual of like stature; therefore, the appraisal assumption to avoid is that the individual is necessarily of like stature. Similarly, individuals working in a critical unit may benefit from the perceived centrality or significance of their part of the organization, in that the importance of the unit to fulfilling the organization's mission is substituted for the job performance of the individual in that unit.

Contrast errors arise through interpersonal comparisons. Individuals are not assessed on their job performance in relation to a job analysis but on their performance compared to someone else's performance or, as is more often the case, their personal traits and characteristics compared to someone else's personal traits and characteristics. Personnel profiles are compiled tabulating the social and leadership traits or social, ethnic, gender, and other demographic differences of successful employees. These are then used as the norm against which others are compared. The legal liability implications of contrast errors are obvious.

Unidimensional errors abound. In these instances, one item dominates the evaluation process to such an extent that other critical factors are ignored. Unidimensional errors can stem from either substantive or mechanical concerns. For example, in the substantive area, such traits and characteristics as age, longevity, or loyalty can be made the basis for an overall evaluation even when other factors are formally specified in the appraisal instrument. This is always an error even though these traits and characteristics may in many instances be desirable. For example, age and seniority can be viewed as simple indicators of experience; however, if experience is what is sought, it should be measured directly. Loyalty is the trait supervisors often value the most among employees because it is associated with a highly committed and motivated workforce; again, if those are the desired traits, direct measures of commitment and motivation should be developed. All measures of performance must be validated as specifically job-related. Similarly, the vividness of one event can overshadow all other incidents: an error known as a *halo effect* occurs when a good performance in one aspect of a job becomes the basis for overall assessment and a *horns effect* when an incident perceived as negative is the basis of the overall evaluation.

Unidimensional error also occurs in appraisal mechanics. First-impression or recency error is introduced when early or late events are given extraordinary weight in the evaluation. The first-impression error leads later performance to be discounted. The recency error emphasizes the time period nearest the decision at the expense of earlier contributions. Critical-incident files are often a means of countering this cognitive limitation.

Supervisors may also exhibit a central tendency (awarding everyone middle-range or average ratings) or a restricted-range tendency (awarding no extremely good or bad ratings) so that they give all employees the same or very similar ratings. This problem often emerges when supervisors are required to justify only their high and low ratings. It is also likely when supervisors fear that employees will resent an individual who receives a high rating or will lose motivation if given a low rating. Constant error occurs when supervisors exhibit tendencies toward awarding consistently high or low ratings or are too lenient or too strict in their rating evaluations.

Interpersonal errors, or biases, introduce intentional distortions into the appraisal process. The greater the extent to which a supervisor's own performance and career is dependent on a subordinate's performance, the more likely it is that favorable ratings will be awarded to that subordinate. This interdependence creates a mutual need for maintaining a harmonious relationship.

Interpersonal biases are also often found as examples of abuse rather than of error. They may entail work site politics that cause supervisors to adjust ratings to support or hinder an employee's opportunity for advancement and reward. Lower-than-deserved ratings can be awarded in an effort to selfishly retain a valued and productive employee. Lower-than-deserved ratings can also be a means of taking out someone seen as a potential competitor (Longenecker, Sims, and Gioia, 1987).

Similarly, appraisal ratings can be affected by factors entirely extraneous to the working relationship. External preferences vis-à-vis politics, religion, and sex may be furthered through the manipulation of the performance appraisal process. Avoiding such abuses is one of the purposes underlying the recommendation to continually monitor the appraisal process. Requirements for the automatic review of appraisals by upper-level officials and for an appeals process are also designed with the intention to deter abuse.

Training individuals in the use of these performance appraisal instruments and thereby in the means of avoiding abuses is just as important as the development of objective appraisal techniques. Supervisory training requires care. It can encompass organizational and employee considerations as well as those related to the appraisal process itself. Performance appraisal is part of an overall performance management system. As such, it must interact with the other systemic aspects, and that interaction is just as important a part of its functioning as the mechanics of the appraisal process itself.

## CONCLUSION

Performance appraisal systems are built around a central technique. The preference is for an objective technique—behaviorally anchored rating scales and management by objectives approaches—over such subjective techniques as es-



says, non-task-related rating scales, and forced-choice checklists and over ranking and forced-distribution interpersonal comparisons. Both the BARS and MBO applications of performance appraisal offer comparative advantages and disadvantages. Behaviorally anchored rating scales, on the one hand, are ideal for large organizations engaged in process-oriented tasks requiring teamwork. Management by objectives, on the other hand, can be individually tailored to specific job responsibilities. MBO also works well where individual outputs or results can be measured.

Feedback is an integral part of the performance appraisal process. Through appraisal feedback, employees gain an understanding of their performance as well as an idea of what is expected of them. It is a means for correcting past behavior and encouraging motivation. Thus performance appraisal can be employed both in areas needing improvement and in areas of already proven strength.

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# Effective Job Analysis Methods

Mark R. Foster

There are many definitions of job analysis. The lack of a standard definition should not, however, lead us to believe that the topic is not of importance to the human resource function in organizations. In fact, job analysis is often thought of as the backbone of the human resource function, forming the basis of almost all functions in a well-managed human resource department. Hardly any program or activity related to organizational personnel could be successful if it were not based on information generated from a thorough job analysis. This chapter provides a general definition of job analysis and describes how job analysis information can be used and why it is so important. It discusses different sources of job analysis information and their advantages and disadvantages and then examines the most popular techniques among the many different methods of conducting a job analysis. Finally, it addresses another source of concern in dealing with job analysis information—the legal standards. Examples and practical guidelines are provided throughout.

## DEFINITION

Generally speaking, *job analysis* refers to a purposeful, systematic process that provides descriptive, important job-related information that distinguishes the job being analyzed from other jobs. A job analysis breaks the job down into

meaningful components. Sackett and Laczó (2003) describe job analysis as a term used to describe a wide variety of systematic procedures for examining, documenting, and drawing inferences about work activities, worker attributes, and work context. Job analysis is generally viewed as a process that would form the basis of some other personnel function (such as designing a selection test or developing a performance appraisal instrument). Sanchez and Levine (2002) suggest that the term should be changed to *work analysis* to reflect the evolving and rapidly changing nature of work. The specific terminology used should not obscure the importance of a well-designed and thoroughly conducted analysis of the position in question before major personnel systems are implemented for the target job.

Job analysis provides a wealth of detailed information about the job in question. The challenge with job analysis lies in identifying the most useful sources for the information, choosing and applying the methods for gathering it, and then organizing it in a meaningful manner. It is also important to recognize the specific uses for job analysis information and how personnel specialists can apply them.

## USES OF JOB ANALYSIS INFORMATION

The information generated from a job analysis study has many uses. Besides satisfying a legal requirement, it forms the foundation for many other personnel practices. Some of these practices are writing job descriptions, establishing a recruitment and selection process, conducting periodic performance appraisals, establishing employees' training and development needs, and establishing the level of pay for the job.

### Job Description

A job description and a job analysis are not the same thing, although the terms are often mistakenly used interchangeably. For example, before beginning work to develop new promotional testing materials, I always ask personnel departments if they have completed a job analysis. Many times their reply is, "Oh yes, we just finished updating all our job descriptions." This does not answer the question.

A job description is a one- to four-page summary of tasks and job requirements that are essential to the position. Job analysis is the process by which these tasks and requirements are identified. So the job description should be a brief summary of the findings from the more extensive job analysis. Often human resource personnel assume that because they have job descriptions, they do not need to conduct a job analysis. However, job descriptions are usually not detailed enough. For example, developing a selection instrument from a job description

would be extremely difficult because the description lacks sufficient detail and is unlikely to meet the legal requirements for test development (to be discussed in more detail later in this chapter).

### **Job Evaluation**

The process of job evaluation attaches a dollar value or worth to the job. Before the pay level of a job is determined, it is advantageous to learn as much as possible about the job's duties and responsibilities. Furthermore, once the information from the job analysis is available, comparing the pay rates in similar jobs external to the organization will be much easier and quicker.

### **Realistic Job Preview**

A common complaint of new hires is that "the job is not what I expected." This translates to "The personnel office painted a rosy picture of this job to get me to take it but didn't tell me about the bad things." The result most often is a discontented worker who will probably leave the job as soon as an opportunity presents itself. But this problem can often be reduced by adequately and accurately describing both the positives and the negatives of the job, as revealed during the job analysis. Research examining the relationship between realistic job previews and tenure suggests a modest relationship (Premack and Wanous, 1985). That is, when realistic job previews are presented to applicants, these applicants are more likely to stay on the job longer if they are hired.

### **Organizational Analysis**

Aamodt (1996) points out that you could really consider organizational analysis a by-product of conducting job analysis interviews and surveys. Often analysts talking to people about their jobs will uncover additional information relevant to organizations. For example, workers may not know exactly what they are supposed to be doing. Their role in the organization may not have been clearly defined for them. Or they may not understand how their performance is being evaluated. These concerns produce information on the organization's communications and leadership and reveal relevant issues to be addressed by the organization.

### **Legal and Quasi-Legal Requirements**

Legal requirements are laws and statutes enacted by the local, state, and federal governments. Quasi-legal requirements are regulations adopted by enforcement agencies such as OSHA and the EEOC and collective bargaining agreements between organizations and unions (Levine, 1983). Some of these requirements—including those arising from court decisions on what adequate job analysis entails and those in the Uniform Guidelines on Employee Selection Procedures—are reviewed later in this chapter. Suffice it to say here that organizations can encounter costly setbacks when a job analysis is not done properly or not done at all.

The Americans with Disabilities Act of 1990 (ADA) is another legal consideration when conducting job analysis. Under the ADA, employers must make reasonable accommodations for employees who are disabled. Meeting this requirement calls for focusing on essential job functions rather than marginal performance issues (Bell, 1994), and a job analysis can help satisfy this legal requirement. The Equal Employment Opportunity Commission (1992) raised another legal issue by stating that a job analysis should focus on the outcomes of a function rather than the manner in which the job is conducted.

### **Job Classification**

Job classification involves grouping jobs in terms of tasks, knowledge, skills, and abilities. Factors such as difficulty, complexity, and the amount and kinds of responsibility are also considered. This information helps establish the similarity of jobs. After similarity is determined, grades, or classification levels, can be established. For example, the job of firefighter might have three classification levels, and level requirements might differ in terms of job complexity, supervisory responsibility, and training needs. Obviously, the job analysis process provides a means to gather the critical information in order to classify jobs based on similarity.

### **Efficiency**

Job analysis information can also determine whether the work could be done in another manner with greater efficiency. For example, maybe a workstation could be designed so that the physical demands on employees are less, thus allowing them to produce more. Or maybe the flow of the work could be altered to allow for a higher rate of production. These issues are often addressed by human factor or ergonomics specialists, who deal directly with the human-machine interface.

### **Safety Analysis**

Many times, generating information about the requirements of a job will reveal information related to safety concerns. For example, it might uncover job functions that require additional precautions, such as wearing safety equipment. A good example is the requirement that firefighters wear a self-contained breathing apparatus where they may encounter dangerous atmospheres. By looking at the job analysis information and determining how the job is being done, it is also possible to determine if there is a safer way of doing the job.

### **Job Design and Redesign**

Job design involves establishing functions for jobs that have not previously existed. Redesign, or restructuring, of jobs involves making significant changes in existing jobs' functions or how these functions are carried out. Job analysis

provides useful information in either case. Job analysis information from similar existing jobs is important when designing new positions with similar activities and responsibilities. In the case of restructuring, the scope of the existing activities and responsibilities may have to be enlarged or reduced in order to accomplish organizational objectives. In either case, the best way to perform the job can be determined through the job analysis process.

### **Performance Appraisal**

Another important use of job analysis information is in the construction of performance appraisal instruments. The more specific and job-related performance appraisal instruments are, the more likely they are to be accurate. When performance appraisals are job-related, they are also more likely to be accepted by the employee and by the courts in the event of a challenge. Most performance appraisal instruments require the supervisor to rate the employee on very general characteristics that may or may not be job-specific—things like initiative, attitude, knowledge, interpersonal relations, or dependability. These characteristics may be only cursorily related to the performance of a job. When performance appraisal instruments are directly linked to job performance, they can serve to identify performance weaknesses for which training or counseling would be beneficial. Job analysis is critical for performance appraisals to be properly developed.

### **Training**

Job analysis is indispensable when it comes to training. Before programs or workshops are developed, doesn't it seem reasonable to determine if they are needed? This makes common sense, but sometimes managers will leap to offer training before asking if it is the appropriate solution to a situation. Job analysis can help determine which areas will require job training by identifying critical areas of performance.

### **Employee Selection**

Employee selection is the area that most often impels a job analysis. It is difficult to believe that organizations would attempt to select individuals without first gaining a full understanding of the requirements for the jobs. It seems like common sense. Yet organizations often do not perform the necessary studies. By determining the needed requirements of jobs in terms of knowledge, skills, and abilities, job-related tests can be developed that will best identify candidates suitable for each job in question.

For example, one local police agency liked to ask interview questions about the death penalty. From a job-relatedness standpoint, these questions should certainly have raised some red flags. Conversely, questions likely to be job-related



might have included those about arrest procedures, search and seizure of suspects, criminal investigative techniques, and preservation of evidence procedures.

### **Career Planning**

Career planning involves the mobility of workers within an organization. Job analysis can be used to determine relationships between jobs and prepare workers for natural and smooth progressions through the organization. If job analysis information is not available, these progressions may not be smooth. The responsibilities of the next job up the ladder may not always meet employee expectations. For example, a firefighter may know that his or her next progression in the organization will be to the level of sergeant and yet may not be prepared for the supervisory responsibility or the administrative side of the job. Job analysis information would help this person plan the next move.

### **Vocational Guidance**

Dawis and Lofquist (1988) state that the central requirements in the practice of vocational guidance are threefold: first, a clear understanding of the person and his or her aptitudes, interests, abilities, and ambitions; second, knowledge of the requirements and conditions of different lines of work; and third, the relationship between the person and the job. Job analysis provides the basis for understanding the specifics of different types of work. Without an understanding of these specifics, it would be nearly impossible to make a person-job fit.

## **SOURCES AND METHODS FOR GATHERING JOB ANALYSIS INFORMATION**

The sources of information about a particular job include the job incumbent, the incumbent's immediate supervisor, human resource specialists inside the organization, and perhaps clients or customers who interact with the person in the position being analyzed. In gathering information about a job, it is important to realize that job incumbents are likely to be most knowledgeable of the job requirements. Incumbents do the job day in and day out, so it makes sense that they would have the most insight. However, it is also useful to consider the input of the immediate job supervisor. Sometimes he or she will provide information as to how the job fits within the larger organization. The supervisor can also provide feedback on the incumbents' comments. Incumbents have been known to inflate or overestimate their responsibilities; the immediate supervisor can put information in perspective for the larger work unit.

Having talked about some sources of information, it is useful to now discuss generic ways of collecting job analysis data. Sometimes sources are obviously connected to particular methods.

### **Review of Archival Information**

A review of archival information should be one of the very first methods of collecting information about a job. This information might include previous job analysis studies, job descriptions or specifications, performance appraisals, training materials or manuals for the job, examples of work products such as memos or other documents, and any other personnel records that shed light on the job in question. Archival information lays the groundwork for a basic understanding of the job. It is helpful to have this understanding before going into the field and conducting observations or interviews.

### **Observation**

Observing someone perform a job is a very useful method of gathering information about that job. It allows the analyst to go to the work site and see first-hand exactly what the job involves. By viewing the work in progress, the analyst can make notes about the equipment used, the work setting or environment, the people with whom the incumbent interacts, and in some cases the end product of the work. This method is especially useful when combined with other techniques like interviews and questionnaires. By observing the job, the analyst can clarify notes from an interview or probe further than a questionnaire can into complex areas of the work. Seeing the job performed is especially useful because many times incumbents will fail to mention crucial details of the job. This ordinarily occurs as an oversight from having performed the job over a period of time. For people who have learned their jobs especially well or have performed them for a long time, the jobs are likely to be second nature. Observation allows the analyst to see functions that incumbents may have forgotten to mention. For example, when riding with police officers, an analyst may note that officers will report their location immediately when called on the radio. This constant awareness of street location is something that they may neglect to report in an interview but that the analyst will surely notice while accompanying officers on the job.

Observing the job and interacting with the incumbent in the natural work setting has an additional advantage. It gives the analyst a chance to explain the job analysis procedure to the incumbent and describe what the information will be used for. This is especially important because it helps the analyst gain the incumbent's acceptance and gives the incumbent a chance to ask questions. Incumbents sometimes feel uncomfortable or threatened when being observed performing their jobs. They sometimes feel that the analyst will report to their boss all the things they did wrong. The main disadvantage of observing incum-

bents is that for most jobs, the method is obtrusive; it is difficult to observe the jobs without being noticed. The analyst can never be certain that the incumbents perform their jobs in the same manner when they are not being observed.

## Interviews

The job analysis interview is one of the most common methods of gathering information about the essential functions of a job. There are several things the job analyst should do before starting the interview. The first is to establish a comfortable level of rapport with the interviewee. This can be done by explaining what a job analysis is and what the information will be used for. Remember that the employee knows the job better than anyone else because he or she does it day in and day out. You will be a success as a job analyst to the extent that you can gain details about the job. This is usually not very difficult because people like to talk about their jobs when someone else shows a genuine interest.

The interview can take several forms. First of all, it can be structured or unstructured. The best approach is to have some basic questions prepared in advance. This provides some structure for the person being interviewed. But too much structure can inhibit the interviewee from providing detailed answers. Remember, the idea is to get the person to talk about the things done on the job. It is best to try to strike a balance between no structure and an extensive structure.

Second, job analysts can interview individuals or groups. On the one hand, individual interviews, involving only one incumbent and the job analyst, can be costly in terms of time but can pay off in terms of information quality. Often people are less inhibited in one-on-one situations and provide details that might otherwise go unmentioned. Also, in individual settings, employees may be more open because they feel that the information will remain confidential. They may be more likely to tell the analyst the way things really get done rather than saying what the boss would want them to say. These factors may lead to more accurate information. Group interviews, on the other hand, involving several job incumbents and the analyst, can be beneficial because employees' memories may be jogged by what others say about the job. Often, however, group interviews take the shape of one or two people doing all the talking and the others saying nothing or simply agreeing.

Because there are advantages to both approaches, when I conduct job analysis interviews, typically I will conduct individual interviews first. Then I go back and meet with groups of incumbents to clarify certain points and make sure that I have a clear understanding of the job. The group interview can also serve as a check on the accuracy of an individual's information. If the information is inflated or exaggerated, the group will most often correct it. For example, in individual interviews conducted to analyze the job of corporal in a police department, one corporal said that he had full supervisory responsibility for other officers. However, during the subsequent group interview, other corporals were quick to point out

that the rank of corporal carried no supervisory functions. It also helps to let the incumbents know that their supervisor will be reviewing an aggregated list of the requirements and duties specified in the interviews.

### Questionnaires

Another very common method of gathering job information is the standardized questionnaire. Questionnaires are usually either very specific or very general. In the case of specific questionnaires, incumbents typically are asked how frequently they perform certain job tasks, how important the tasks are to successful completion of the job, how difficult the tasks are, and when they learned the tasks. General questionnaires ask less specific questions about job requirements. They are not as costly or as time-consuming to develop, and they allow comparisons to be made across jobs. (We will return to the topic of questionnaires later in the chapter.)

### Diaries

When workers are asked to keep diaries, they do not write down their innermost thoughts and feelings. Rather they write down the types of activities they have been engaged in over a period of time. A diary may require workers to write down the activities they have been involved in over the past thirty minutes. Or it may require them to make entries each time their activity changes. Workers may also be instructed to make only unique entries. For example, if a state trooper writes fifteen traffic citations during the course of an eight-hour shift, she will make that activity entry only once in the work diary.

Typically, workers are asked to keep a diary over a period of ten days to three weeks. Work diaries are especially useful for positions such as firefighter or police officer where some work activities and situations may be unique. By keeping diaries, incumbents can report these special situations. If a job analyst conducted only observations, this information might be lost. (When I have conducted job observations with firefighters, the unique situations never seemed to arise. Indeed, firefighters have said to me that they always welcome job observers because it almost guarantees a slow shift!)

One concern with work diaries is the effort required from the incumbents. Because the work diary is one more piece of paperwork, incumbents must understand its importance and the diligent effort needed to maintain it. Diaries are useless if incumbents wait until the end of a two-week period or even just the end of the shift and try to remember and write down everything they did.

### Mechanical Methods

When gathering information about jobs, it can be useful to use a tape recorder to collect worker comments. The material can be transcribed at a later date, and the recording ensures accuracy. It can also be useful to take photographs of

equipment used or to capture the work setting on videocassette. Firefighters, for example, are known to carry many different pieces of equipment on their trucks. Taking pictures of the equipment and properly labeling each piece might be useful in developing training materials or constructing promotional exams.

### Performing the Work

Sometimes a job analyst who wants to gain a deeper understanding of the work requirements will actually perform the job or some portion of it. For example, to understand the physical demands on a garbage collector, an analyst might perform the job for a period of time. However, this approach is rarely practical in most situations. It can be used only when the work is not particularly complex and mistakes in performance are not vital.

## JOB ANALYSIS METHODS: INITIAL CONSIDERATIONS

Many job analysis methods have been professionally developed and documented in the literature. Gael (1988) has documented and offers detailed discussions of eighteen different methods of conducting a job analysis. It should also be noted that practitioners have developed variations on the established methods, largely in order to compensate for various organizational constraints that inhibit pure applications of these methods.

When selecting a particular methodology for conducting a job analysis, the practitioner generally considers several issues. Although I am sure each practitioner will find additional issues to consider, I focus on five particularly critical ones here: practicality, cost, purpose, experience with various methods, and the job to be analyzed. These are discussed in no particular order because all are important considerations.

- *Practicality.* Certain methods may require the development and completion of questionnaires or the assembly of work groups to explain or break down the job. To the extent that it is practical to conduct such activities within the organizational setting, the choice of method may be limited. For example, some organizations are spread over large geographical areas, and it simply may not be feasible to gather employees together for group meetings.

- *Cost.* Cost is another concern usually in the forefront of an organization's decision-making process. Certain methods may elicit essentially the same types of information. If the job analysis can be done more cheaply and more efficiently by one method as opposed to another, the less expensive method will likely be chosen. Note that cost considerations might include bottom-line charges by the analyst, time to completion, chances of a legal challenge to the study, and indirect costs to the organization such as lost person-hours on the job.

- *Purpose.* The purpose of the job analysis is probably one of the most important considerations when choosing a method. If the information gained from the job analysis is to be used for the development of selection tools, training, performance appraisals, or job classifications or for any of the other purposes mentioned here, identifying that purpose or purposes is one of the first tasks to be completed before the study is started. Some methods are better suited to provide certain information than others.
- *Analyst experience.* The job analyst's experience with one or more particular methods may also be a consideration. Ideally, analysts will have experience with several methods so that they can make the correct methodological choice for a given study. They should also be familiar with the basic scientific research on particular methods so they can anticipate potential problems.
- *Job to be analyzed.* Finally, the job to be analyzed will dictate the method chosen to some extent. For example, if the job to be analyzed is a top-level management position, the task analysis approach may not be the best method because of the difficulty of reducing the job to a list of tasks. The method chosen should give the analyst the maximum amount of information possible.

## JOB ANALYSIS METHODS

We now turn to brief descriptions of nine of the most common methods in use. These descriptions are intended as a basic introduction to the method. They do not provide the practitioner with the level of detail needed to conduct a job analysis using the method. The methods to be discussed are threshold traits analysis, the critical incident technique, the job elements method, the Position Analysis Questionnaire, functional job analysis, the Fleishman Job Analysis Survey, the Job Components Inventory, O\*NET, and task analysis.

### Threshold Traits Analysis

Threshold traits analysis (TTA) was developed by Felix Lopez in the early 1970s. TTA focuses on job functions and personal traits that are needed for successful completion of the job functions. A job function is a part of the total job. As defined by Lopez (1988), a *job function* consists of two separate items: a distinct activity, or task, and a working condition, or demand, under which the activity is carried out. A *task* is a discrete working unit performed by the incumbent, such as, for a police officer, reviewing a police report or handcuffing someone under arrest. A *demand* is a working condition to which the job incumbent must adjust. One example of a demand is stress. TTA defines a trait as a set of observable characteristics that distinguishes one person from another. After considerable research and experimentation, thirty-three general traits have been identified and grouped into five categories: physical, mental, learned, motiva-

tional, and social. For example, the five traits associated with the physical category are strength, stamina, agility, vision, and hearing. Once traits are matched to job functions, the need for each of these relevant traits is rated by supervisors and incumbents. The end result is a list of traits and the level at which each one is required for performing the job.

### **Critical Incident Technique**

The critical incident technique (CIT) was first developed by Flanagan (1954) as a training needs assessment device and a performance appraisal tool. The CIT is used to uncover specific behavioral examples, or incidents, of exceptionally good or exceptionally poor performance. Even though the CIT provides information on critical behaviors related to the job, the method's usefulness is limited because it does not focus on typical job requirements.

Bownas and Bernardin (1988) point out that a good critical incident has four characteristics: it is specific, it focuses on observable behaviors, it describes the context of behavior, and it indicates the consequences of behavior. Consider this example of a critical incident: "The police officer pursued a vehicle down an alley between two rows of houses. When the pursued vehicle made a turn down another alley that was too narrow for the police car, the officer tried to cut off the vehicle by taking a shortcut through a residents' backyard and smashed his car into a fence." This example meets the four criteria.

The basic methodology for the CIT involves five steps. First, persons knowledgeable about the job generate critical incidents of both good and poor performance. These incidents can be obtained through conferences and workshops, work diaries, questionnaires, and interviews. Usually, multiple methods are used to generate critical incidents. Second, job experts decide whether the incident exemplifies poor or excellent performance. Third, the critical incidents are sorted by the analyst into the categories, or dimensions, measured by the incident. Fourth, new judges are used to confirm the dimensions chosen by the analyst. Fifth, the dimensions are reported and defined by the critical incidents they contain.

The CIT is an excellent method of capturing specific examples of job behaviors. However, it should not be used as the sole technique for conducting a job analysis in most instances because it typically does not focus on the basic requirements of the job.

### **Job Elements Method**

The job elements method of job analysis was developed by Primoff (1975) for use in the federal government. It focuses exclusively on worker characteristics, or traits (the "elements" in Primoff's terminology), which are needed for performance of the job. These elements take the form of knowledge, skills, abilities, and other characteristics (KSAOs).



The process requires a meeting of job experts, who generate the elements required. They might include fifty or more KSAOs. These elements are then rated by the same or a different group of job experts, using four different scales: the extent to which barely acceptable workers have the element, the importance of the element in distinguishing superior workers from average workers, the amount of trouble likely to be encountered if the element is not considered, and the practicality of requiring applicants to possess the element. The ratings from these four scales are then combined in a complex manner to form a weight for each element. Similar elements are grouped, and then their various weights help determine their use for selection, training, or other purposes.

### Position Analysis Questionnaire

The Position Analysis Questionnaire (PAQ) (McCormick, Jeanneret, and Mecham, 1972, [1969] 1989) is probably the most researched job analysis instrument available. It was developed by Ernest McCormick, P. R. Jeanneret, and Robert Mecham at Purdue University. The PAQ contains 194 items that deal with worker behavior: 187 of these items deal with work activities and situations; the remaining items address compensation. The items fall into six divisions: information input, mental processes, work output, relationships with other persons, job context, and other job characteristics. Each of the items on the questionnaire is evaluated using one of several rating scales: extent of use, amount of time, importance to this job, possibility of occurrence, and applicability. The ratings range, for example, from “does not apply” to “extreme.”

The PAQ offers many advantages that other methods and instruments cannot offer. The validity of the PAQ is supported by a large research base. It is an off-the-shelf instrument, so it does not require the development of new items for each job that is analyzed. It can be used for a wide range of jobs. Because it is a general questionnaire, it allows easy comparison of different jobs across a number of criteria. This standardization helps ensure that different jobs are evaluated in a similar manner.

However, many of these advantages can also be turned around into disadvantages. Because it is an off-the-shelf, general instrument, the PAQ often does not provide specific details about a job, and this limits its usefulness for some purposes. For example, it may not provide the specific task requirements needed when writing job descriptions. Arvey and Begalla (1975) found that the PAQ yielded similar profiles for the jobs of police officer and homemaker. A final disadvantage of the PAQ has to do with its reading level. The PAQ and its instructions are difficult to read and understand. Therefore, people asked to complete the questionnaire should have at least college-level reading ability. This usually means that the job analyst must complete the questionnaire, based on his or her understanding of the job.



There is a basic procedure for using the PAQ. First, the job analyst becomes familiar with the PAQ instrument. This usually involves a lengthy training session in which the analyst studies the items and how they should be scored in certain circumstances. (A sample set of questions is shown in Exhibit 23.1.) Second, the analyst learns as much as possible about the job to be analyzed. This usually includes interviewing job incumbents and supervisors, observing an incumbent performing the job, and possibly reviewing documentation related to the job. The typical interview and observation period may last for several hours. Third, the analyst completes the PAQ, based on his or her understanding of the job. Fourth, the completed instrument is sent to PAQ services for computer scoring. Finally, the results are returned to the analyst with the profile of the job in question, and the results are used for the intended organizational purposes.

### Functional Job Analysis

The concepts of functional job analysis (FJA) are based on years of research by Sidney Fine and his associates. This research began in the 1950s, and one result of it is the comprehensive *Dictionary of Occupational Titles* (DOT) (U.S. Department of Labor, 1991), which contains detailed descriptions for thousands of jobs. Associated with each of these descriptions is a DOT code that allows a relatively easy comparison to be made of various jobs. Such comparison across jobs is possible because the methods of FJA are standardized and systematic in their application.

Functional job analysis requires job incumbents, supervisors, and job analysts to write task statements that detail what is actually done by the incumbent on the job. Much emphasis is placed on adequately specifying these task statements. Each statement should answer five basic questions: (1) Who (2) performs what action (3) to accomplish what (4) with what tools (5) upon what instructions? (Gatewood and Feild, 1994).

Once tasks have been adequately defined, the job analyst or the incumbent rates task complexity, using worker-oriented scales. These scales provide levels of complexity for the tasks in three distinct areas: (1) *data*, the way the worker deals with information, ideas, or facts; (2) *people*, how the worker interacts with coworkers, clients, or customers; and (3) *things*, the level of involvement with machines, tools, and equipment. Here are the various levels within the categories:

#### *Data*

0. Synthesizing
1. Coordinating
2. Analyzing
3. Compiling
4. Computing

## Exhibit 23.1. Sample PAQ Items.

**D6. Types of Job-Required  
Personal Contact****Importance to This Job****0 Does not apply****1 Very minor****2 Low****3 Intermediate****4 High****5 Extreme**

This section lists types of individuals with whom the worker must have personal contact in order to perform the job.

Using the response scale at the left, indicate the importance of contact with each of the types of individuals listed below. Consider personal contact with persons both inside and outside the organization.

113. Executives/officials  
E.g., corporation vice presidents, government administrators, or plant superintendents
114. Middle management/staff personnel
115. Supervisors  
E.g., personnel who have immediate responsibility for a work group, e.g., first-level supervisors or some office managers
116. Professional personnel  
E.g., doctors, lawyers, scientists, engineers, professors, teachers, or consultants
117. Semiprofessional personnel  
E.g., technicians, drafters, designers, photographers, surveyors, and others engaged in activities requiring fairly extensive education or practical experience but which typically involve a more restricted area of operation than that of professional personnel
118. Clerical personnel  
E.g., office workers, word processors, clerks, bookkeepers, receptionists, secretaries
119. Manual and service workers  
E.g., skilled, semiskilled, or unskilled workers or those in agricultural, fishing, forestry, or service
120. Sales personnel
121. Buyers  
I.e., purchasing agents, not public customers
122. Public customers  
E.g., customers in stores or restaurants
123. The public  
E.g., the public as contacted by park attendants or police officers (*Do not* include customers or persons in other categories.)
124. Students/trainees/etc.
125. Clients/patients/counselees
126. Special interest groups  
E.g., stockholders, lobbyists, fraternal organizations, property owners, government and regulatory inspectors and officials, or charities
127. Other individuals  
Include other types of persons not described by items 113–126 (e.g., applicants, retirees, or former employees)

5. Copying
6. Comparing

### *People*

0. Mentoring
1. Negotiating
2. Instructing
3. Supervising
4. Diverting
5. Persuading
6. Speaking or signaling
7. Serving
8. Taking instructions
9. Helping

### *Things*

0. Setting up
1. Precision working
2. Operating or controlling
3. Driving or operating
4. Manipulating
5. Tending
6. Feeding or offbearing
7. Handling

In addition to specifying complexity levels for the tasks in these three broad categories, the job analyst or the incumbent must determine the extent to which a job deals in data, people, and things. A percentage is assigned to each area, and the three percentages must total 100. For example, the job of a social worker might be 35 percent data, 60 percent people, and 5 percent things. Comparing these percentages to the levels of complexity in each area suggests overall job complexity.

## **Fleishman Job Analysis Survey**

The Fleishman Job Analysis Survey (F-JAS) is based on years of research by E. A. Fleishman. Its primary focus is on worker requirements once the job duties or tasks have been defined. That is, it is used to link tasks with worker characteristics for content validation purposes. The worker specifications consist of seventy-two abilities categorized into six groups: cognitive, psychomotor,

physical, sensory and perceptual, interactive and social, and knowledge and skills. Behaviorally anchored rating scales are used to link the job duties with the abilities and to make ratings based on the level of each ability needed to perform the job duty.

This method is fairly straightforward. It has the advantage of being usable by job incumbents or job analysts. It is particularly useful after a basic task analysis has been performed. It is also useful in identifying potential selection instruments to measure applicants for the various abilities identified as important.

### **Job Components Inventory**

The Job Components Inventory (JCI) (Banks, 1988) is a general questionnaire that was developed in England with several purposes and uses in mind. First, it was for use primarily in lower-level and entry-level jobs. Second, it was constructed to be easily administered and not necessarily by only trained job analysts. Third, it was to be comprehensive but not too time-consuming. And fourth, it was to be applicable to a wide range of jobs. It was designed for uses in curriculum assessment and development, career education, skill profiling and assessment, design of education and training content, and vocational guidance and placement. As you can see, all of the primary uses deal with vocational training of some kind.

The instrument itself contains four hundred questions covering five basic categories: tools and equipment, perceptual and physical requirements, mathematical requirements, communication requirements, and decision making and responsibility. To date, there is not a wealth of research in the literature addressing various aspects of its use. It does, however, seem to distinguish reliably between different types of jobs.

### **O\*NET**

For decades, the *Dictionary of Occupational Titles* was the most comprehensive source of occupational information available (Sackett and Laczko, 2003). However, it was difficult to keep the information up to date. This is especially true given the speed with which information can be released and updated via the Internet. The Occupational Information Network, or O\*NET, is a new classification system intended to replace the DOT. It is sponsored by the U.S. Department of Labor. O\*NET provides an automated database and a set of generalized instruments for collecting, describing, storing, and disseminating reliable and valid occupational information (Peterson, Mumford, Borman, Jeanneret, and Fleishman, 1999). O\*NET is uniquely positioned as an important tool for acquiring and exchanging occupational information (Sanchez and Levine, 2002).

O\*NET was developed using a content model. The instruments were developed to gather information about each occupation, including worker knowledge, skills, and aptitudes; the working conditions or work context; the labor

market for the job; and the work content and outcomes expected. O\*NET tends to focus on information that allows for comparisons across occupations rather than occupation-specific information. Because of the scope of the project, O\*NET remains a work in progress. Further information can be obtained from the O\*NET Web site at <http://online.onetcenter.org>.

## Task Analysis

The primary focus of task analysis is on the tasks that the worker performs on the job. As in some of the other approaches, a heavy emphasis is placed on ensuring that the task statements are detailed and specific in their description of the performance requirements. They contain action verbs that describe what actions are performed on the job. The task statements are then organized using general job duties as headings or categories. The number of tasks and job duties varies with job complexity but might number as many as two hundred tasks under fifteen job duties. Here, for example, is an abbreviated list of tasks under just two of the headings that might be used for the job of police lieutenant.

### *Criminal Investigation, Detection, and Follow-Up*

- Respond to major crime scenes
- Protect, secure, and process crime scene
- Determine appropriate investigative procedures, such as requesting assistance from specialists
- Review legal statutes, codes, case decisions, and other reference material to assist in investigation preparation
- Identify and locate victims, witnesses, informants, and suspects
- Assist other law enforcement agencies in conducting investigations
- Assist with interrogation of suspects and record information
- Interview witnesses, informants, and victims
- Talk to victim of crime to explain investigative procedures and provide comfort
- Determine elements of a crime
- Use records to gain information
- Collect and mark physical evidence
- Ensure that lab analysis of evidence is secured
- Ensure chain of custody of evidence
- Recover stolen and lost property
- Complete or review reports

*Arrest, Search, and Seizure*

- Review information needed for search or arrest warrant
- Secure arrest warrants
- Determine the existence of probable cause for arrest or search purposes
- Take weapon from armed suspect
- Participate in planning and coordinating of raids
- Actively participate in execution of raids
- Arrest individuals for offenses committed in presence (warrantless arrest)
- Advise juvenile's parents of child's detainment and reason for detainment
- Search the body and clothing of persons in custody
- Execute search warrants
- Execute arrest warrants
- Apprehend suspects
- Inform suspect of charges and legal rights
- Search individuals and immediate area to locate weapons and/or contraband for protection of officers

Task statements can be developed in a number of ways. They can be derived from interviewing, observing, and holding panel meetings with job incumbents. Work diaries maintained by incumbents are also a good source for task statement information, as is archival information. When conducting a task analysis, I like to use all of these methods as a way to gather basic information about the job in question. Usually, job analysts will also interview supervisors of the target position. By employing these methods, the analyst uses the people who perform the job as the job experts or subject matter experts. Once again, nobody knows the job better than the people who perform it day in and day out. By involving these people, the analyst also allows them to ask questions about the purpose of the study and what function within the organization it will serve. Obtaining involvement is crucial.

Once a basic task list is developed, it is a good idea to have a panel of job experts review the task statements for accuracy. At this point, tasks can be modified or added to the list. The purpose of this meeting is not to evaluate the items in terms of frequency or importance but rather to make sure that all tasks are covered. During this meeting, the analyst can also obtain information on the knowledge and skill requirements for the job. Exhibit 23.2 contains a basic list of possible knowledge and skill requirements for the position of police lieutenant. These general statements can form a basis for developing selection instruments or identifying areas for training.

**Exhibit 23.2. Knowledge and Skills for the  
Position of Police Lieutenant Determined Through Task Analysis.**

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**KNOWLEDGE AREAS**

**Legal Standards.** This area includes state statutes, elements of crimes, state motor vehicle traffic violations, local ordinances, search and seizure, court procedures, warrants, laws regarding juveniles, rules of evidence, legal terms and definitions, case law, rights of the accused, U.S. Bill of Rights, interrogation, and civil liability.

**Correct and Safe Use of Equipment.** This area includes flashlights, firearms, handcuffs, batons, cameras, video equipment, crime scene kits and materials, radios, and vehicles (for example, take-home vehicles, prisoner transportation, and high-speed pursuits).

**Crime Scene Search Concepts, Principles, Practices.** This area includes organization of the crime scene investigation, dealing with typical crime scene problems, media relations, duties and responsibilities in crime scene investigation, infectious disease protection, types of evidence, crime scene search patterns, the chain of custody, crime scene sketching, crime scene photography, and use of video equipment to document the scene.

**Physical Evidence.** This area includes class versus individual characteristics; the identification, preservation, collection, packaging, marking, and transmittal of physical evidence, such as soil, fibers, impressions, residues, casting, glass, paint, cloth fragments and impressions, string, cord, rope, fingerprints, dental evidence, hair, blood, human secretions and excretions, firearms, tool marks, and questioned documents; and the laboratory conclusions that may be reached from examining such evidence (knowledge of the laboratory procedures themselves is not required).

**Investigative Concepts, Principles, Methods, Procedures, and Practices for Specific Crimes.** This area includes profiles of the offense, the victim, and the offender, arrest probabilities, investigative techniques, responding to the scene, tactical aspects of response, and rudimentary suggestions about prevention for the specific crime involved, such as a particular type of violent or property crime.

**Modus Operandi of Criminals.** This area includes information about how criminals operate in diverse violent and property crimes, such as home invasion; convenience store, taxi, and ATM robberies; carjackings; burglary; credit card fraud; stalking and domestic violence; criminal homicide and assaults; and sex crimes.

**SKILL AREAS**

**Oral Communication.** This skill involves expressing oneself orally through the use of clear, well-composed, and unambiguous statements. The quality of the speaking voice,

**Exhibit 23.2. Knowledge and Skills for the  
Position of Police Lieutenant Determined Through Task Analysis, Cont'd.**

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use of facial and bodily gestures, and use of eye contact are part of the speaking component. The listening component of this dimension involves skill in picking out the most relevant aspects of what is being said by others, asking questions, giving feedback, and making demonstrable use of information gained by listening to others.

**Observing and Recalling Facts, Details, Descriptions, and Related Materials.** This skill involves the ability to identify and recall key elements of a situation, the importance of these elements, and their relationship to one another. It includes observing relevant details and accurately recording information.

**Written Communication.** This skill involves producing well-organized, logical, effective, and clearly written statements and orders.

**Conflict Management.** This skill involves sensing and correctly identifying disagreements or sources of friction among individuals or groups of individuals. Most important within this skill is the ability to objectively consider both sides of the conflict and offer reasonable alternatives or solutions. Following up with those involved to remain informed of the situation is also a key ingredient.

**Making Timely Decisions.** This skill involves the willingness and readiness to take action, or commit oneself to a course of action, and the willingness to accept responsibility for decisions made.

**Making Decisions Based on Sound Logic.** This skill involves integrating a wide variety of information, developing alternative courses of action, and making sound, logical decisions based on assumptions that reflect factual information.

**Planning and Organizing Activities.** This skill involves establishing a course of action for oneself and others in order to accomplish a mission or work assignment. It involves planning the proper assignments or personnel and the appropriate allocation of resources and the organization of such personnel and resources.

**Analyzing Information.** This skill involves understanding and making sense of information by breaking it apart into smaller components or by tracing the implications of the information step by step. It includes organizing the parts of a problem, situation, and the like in a systematic way; making systematic comparisons of different features or aspects; and identifying time sequences, causal relationships, or if-then relationships.

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After the tasks have been developed and reviewed by job experts, it is time to make task evaluations, based on several scales. Job incumbents and their supervisors generally provide these ratings. Typically, they will rate every task using two or three different scales. There are several different scales that can be used. The 1978 Uniform Guidelines for Employee Selection provide some direction for choosing the scales (Equal Employment Opportunity Commission, 1997). Generally, the scales should focus on frequency of task performance and on task criticality to the effective performance of the job. (Exhibit 23.3 presents two scales that might be used.) From these ratings, tasks that are determined by the incumbents not to be critical to performance are eliminated from the remaining task list. The tasks that are determined to be critical are then carried forward to the next stage of the process.

The next stage of the task analysis process is crucial to the effectiveness of the job analysis method. During this phase, incumbents and supervisors provide

Exhibit 23.3. Two Scales That Might Be Used in Task Analysis Ratings.

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FREQUENCY SCALE		
I perform this task		
5	=	About <b>every day</b> or more often.
4	=	About <b>once each week</b> or more often.
3	=	About <b>once each month</b> .
2	=	About <b>once every six months</b> or less.
1	=	About <b>once every year</b> or less.
0	=	This task <b>has not been required</b> in my assignments in the last twelve months.
IMPORTANCE OR CRITICALITY SCALE		
This task is		
5	=	<b>Critically important.</b> This task represents an essential function of my job and must always be performed well.
4	=	<b>Very important.</b> My performance cannot be considered successful unless this task is adequately performed.
3	=	<b>Moderately important.</b> The poor performance of this task on a few occasions will not affect my overall job performance. However, continued poor performance will not be accepted.
2	=	<b>Slightly important.</b> The poor performance of this task on most occasions will not affect my overall job performance.
1	=	<b>Of little or no importance.</b> My job could still be performed successfully even if I performed this task poorly.
0	=	<b>Not important.</b> I do not perform this task.

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ratings that link critical tasks required for the job and the more general knowledge and skill requirements. Based on a series of statistical tests of these ratings, weights can be developed for the knowledge and skill requirements of the job. The knowledge areas can then form the basis of written examinations. And the skills can then be further analyzed to form dimensions that can be measured in performance tests such as assessment centers.

The task analysis approach has several advantages and disadvantages. The advantages are that the method focuses on specifics of a particular job. There is no translation required from a generic off-the-shelf instrument to the job being analyzed. The primary downside of this approach is the time required to complete the analysis. This includes the time of both the job analyst and the job experts needed to provide input in the process.

## LEGAL VIEWS OF JOB ANALYSIS

The need to conduct job analyses is legally recognized. The evidence is contained in the many references to job analysis in the Uniform Guidelines for Employee Selection Procedures (Equal Employment Opportunity Commission, 1997) and the many court cases in which job analysis has played a part.

The uniform guidelines have been adopted by five federal agencies: the Equal Employment Opportunity Commission, the Office of Personnel Management, the Department of Labor, the Department of Justice, and the Department of the Treasury. Each agency can trace its adoption of the guidelines to one or more statutory provisions, mainly Title VII of the Civil Rights Act of 1964 (Sparks, 1988). Levine (1983) has identified portions of the guidelines that address the issue of job analysis as it relates to test validation. These portions are detailed in Exhibit 23.4. The common thread throughout the document is the need for a demonstrated relationship between a test and the requirements of the job for which the test is being used. There is no federal law that requires that a job analysis study be conducted. However, in certain instances (as during selection), the law does require that a certain amount of information be incorporated into the process that only a job analysis study can generate (Brannick and Levine, 2002).

A second source that demonstrates the need for job analysis is the various court cases where job analysis has been an issue. Thompson and Thompson (1982) have reviewed selected court cases in an effort to determine the criteria used by the courts in their assessment of job analyses in relation to the development and validation of selection tests. A review of cases where job analysis procedures were rejected or accepted by the courts shows the characteristics a job analysis procedure needs to withstand a court's legal scrutiny:

- A job analysis must be performed on the exact job in question.
- The job analysis must be in written form.

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**Exhibit 23.4. Excerpts from the Uniform Guidelines on Employee Selection Procedures.**

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**1607.5 General standards for validity studies**

- A. *Acceptable types of utility studies.* For the purpose of satisfying these guidelines, users may rely upon criterion-related validity studies, content validity studies or construct validity studies. . . .
- B. *Criterion-related, content, and construct validity.* Evidence of the validity of a test or other selection procedure by a criterion-related validity study should consist of empirical data demonstrating that the selection procedure is predictive of or significantly correlated with *important elements of job performance*. . . . Evidence of the validity of a test or other selection procedure by a content validity study should consist of data showing that the content of the selection procedure is *representative of important aspects of performance on the job*. . . . Evidence of the validity of a test or other selection procedure through a construct validity study should consist of data showing that the procedure measures the degree to which candidates have identifiable characteristics which have been determined to be *important in successful performance in the job for which the candidates are to be evaluated*. . . .

**1607.6 Use of selection procedures which have not been validated . . .**

- B. *Where validity studies . . . cannot be performed . . .* the user should utilize selection procedures which are as *job related as possible* and which will minimize or eliminate adverse impact. . . .

**1607.7 Use of other validity studies . . .**

- B. *Use of criterion-related validity evidence from other sources.* Criterion-related validity studies conducted by one test user . . . will be considered acceptable for use by another user when . . . the incumbents in the user's job and the incumbents in the job or group of jobs on which the validity study was conducted *perform substantially the same major work behaviors, as shown by appropriate job analyses* both on the job or group of jobs on which the validity study was performed and on the job for which the selection procedure is to be used. . . .

**1607.14 Technical standards for validity studies**

- A. *Validity studies should be based on a review of information about the job.* . . . The review should include a job analysis. . . . Any method of job analysis may be used if it provides the information required for the specific validation strategy used. . . .
- B. *Technical standards for criterion-related validity studies* . . .
  - (2) *Analysis of the job.* There should be a review of job information to determine measures of work behavior(s) or performance that are relevant to the job or group of jobs in question. These measures or criteria are relevant to the extent that they represent critical or important job duties, work behaviors, or work outcomes as developed from the review of job information. . . .

**Exhibit 23.4. Excerpts from the Uniform Guidelines on Employee Selection Procedures, Cont'd.**

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*C. Technical standards for content validity studies . . .*

- (2) *Job analysis for content validity.* There should be a job analysis which includes an analysis of the important work behavior(s) required for successful performance and their relative importance. . . . Any job analysis should focus on the work behavior(s) and the tasks associated with them. . . .

*D. Technical standards for construct validity studies . . .*

- (2) *Job analysis for construct validity.* There should be a job analysis. This job analysis should show the work behavior(s) required for successful performance of the job, or the group of jobs being studied, the critical or important work behavior(s) in the job or group of jobs being studied, and an identification of the construct(s) believed to underlie successful performance of these critical or important work behaviors in the job or jobs in question. . . .
- (4) *Use of construct validity studies without new criterion-related evidence—*  
 (a) Standards for use. . . . [T]he Federal Agencies will accept a claim of construct validity without a criterion-related study . . . only when the selection procedure has been used elsewhere in a situation in which a criterion-related study has been conducted. . . .

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*Source:* Equal Employment Opportunity Commission, 1997. Emphasis added.

- The job analyst must be able to describe the procedure used.
- Data for the job analysis should be collected from several up-to-date sources such as job incumbents, supervisors, training manuals, observed job performance, and questionnaires.
- An expert job analyst should conduct the job analysis. However, the expertise of the analyst does not vouchsafe that a good job analysis has been conducted.
- The sample data included in the job analysis study should be large enough to be representative.
- Tasks, duties, and activities must be identified and included in the study.
- The most important and critical tasks should be included on any selection device developed.
- The relative degree of competency necessary for entry level must be specified.
- Knowledge, skills, and abilities should be identified in the study. These are of utmost importance when using a content validation strategy and seem to be particularly addressed by the courts.

## CONCLUSION

In this chapter, I have shown you only the tip of the iceberg when it comes to job analysis. My hope is that this review has piqued your interest in the topic and that you will further investigate this important area for human resource management. I have emphasized that importance by discussing various functions job analysis can serve. These include some common uses, like supporting selection and training, and some less common ones, like providing a basis for vocational guidance and realistic job previews. To some extent, the goals you want to reach by gathering the information will determine the method that you employ.

I also reviewed various ways a job analyst might go about gathering information, through observations, interviews, questionnaires, diaries, and archival data. Each way has its own advantages and disadvantages. Usually a combination of information-gathering techniques is used; I gave details of nine of the most common approaches.

Finally, I briefly mentioned the legal issues regarding the process of job analysis. They drive home the fact that job analysis must be taken seriously and that conducting each such analysis must be done carefully and thoughtfully. A well-prepared job analysis can often be an agency's first line of defense in justifying its actions.

Many professionals view job analysis as a tedious and boring step before the fun things can be accomplished. But how can something be boring when it potentially supports and directs so many areas of the human resources function?

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# A Practical Guide to Conducting Assessment Centers

Charles R. Swanson  
Mark R. Foster

In the considerable body of literature concerning assessment centers, there is very little that describes how to conduct them. Perhaps the main reason for this omission is that much of the assessment center literature is written by researchers whose interests lie elsewhere. A secondary reason is that the ability to provide nuts-and-bolts information is the result of extensive assessment center experience. Consultants who make their living providing assessment center services are generally reticent to reveal their hard-earned insights and methods. The purpose of this chapter is to provide a practical understanding of assessment centers and to address the gap in the literature by presenting hands-on information.

To provide a specific context, all the examples in this chapter concern a municipal police department, the “Harborville Police Department.” Similarly, although assessment centers are used for a variety of personnel functions, such as hiring (Thornton and Rupp, 2004; Coulton and Feild, 1995; Pynes, 1992), promotion, management development, training, and organizational development, the examples all concern an assessment center used to evaluate sergeants competing for promotion to the rank of lieutenant.

## WHAT IS AN ASSESSMENT CENTER?

An *assessment center* is both a process and a place. According to the International Task Force on Assessment Center Guidelines (2000), an assessment center con-



sists of a standardized evaluation of behavior based on multiple inputs. Furthermore, in this chapter's assessment center example, the process involves evaluating the behavior of candidates (sergeants) for a specific purpose (promotion) by providing them with multiple independent opportunities (simulations or exercises) to demonstrate abilities and by monitoring them with multiple trained evaluators (assessors), whose individual judgments are pooled to form an overall evaluation of the extent to which the candidates have the skills necessary to succeed as police lieutenants.

As a place, the assessment center may occupy a dedicated physical site, or the site may be selected as needed and may be a community college, a hotel, a civic center, a public library's meeting rooms, or other facilities at various times. The choice of place must be thought through carefully. To some extent, members of an organization use the site to gauge the importance that the employer places on the process. The selection of unsatisfactory or inadequate testing facilities can have serious consequences that may affect the process.

The fact that an assessment center is both a process and a place is something that must be carefully explained to those unfamiliar with the concept. Even an experienced consultant can overlook this point when explaining assessment centers to the uninitiated.

## WHY USE AN ASSESSMENT CENTER?

There are many reasons why organizations might choose to use assessment center technology. First and foremost, assessment centers can in most cases predict individuals' success as supervisors and managers more accurately than most alternative methods. The validity of assessment center methodology has been well established over the years. Two meta-analytic studies support this claim. Hunter and Hunter (1984) reported a validity coefficient of .43, with ratings of performance as the criterion. Gaugler, Rosenthal, Thornton, and Bentson (1987) reported various validity coefficients, depending on assessment center purpose: .30 for promotion, .41 for selection, and .46 for early identification of potential. The usefulness of assessment centers as a predictor of future success as a manager and leader is thus generally well accepted in the field.

Second, assessment centers have been shown to be equally fair and accurate in predicting the supervisory and management potential of EEOC-protected group members and of those not so protected. Specifically, a number of studies have shown there are no significant differences in the assessment center's ability to predict success for candidates of different race or gender (Huck, 1974; Huck and Bray, 1976; Moses and Boehm, 1975; Tziner and Dolan, 1982; Ritchie and Moses, 1983). Thornton and Byham (1982) state that although some results are mixed, there appears to be no differences in validity coefficients for minority

and majority candidates. As a product of the fairness of the assessment center methodology, employers have successfully defended the use of assessment centers in a number of court challenges (Mendenhall, 1992). In fact, assessment centers have been mandated in a number of consent decrees, as a part of efforts to overcome the effects of past discriminatory practices.

Third, assessment centers have been well received by both participants or candidates and organizational leaders. Managers accept the results of assessment centers due to their rational, organized approach and the way the assessment exercises simulate an organization's supervisory and management challenges. Exercises that are tailored to the specific organization also allow managers to use the assessment center to emphasize new developments in the organization. Participants accept the results of assessment centers due to their face validity and the fair manner in which each participant is given the opportunity to demonstrate his or her abilities.

Fourth, participation in assessment centers, as either assessors or candidates, can be a very valuable career development experience. Assessment centers can also aid in analyzing the abilities of supervisory and management personnel for the specific purpose of pinpointing strengths and weaknesses. This information can then be used in making individual and organizationwide recommendations for specialized training.

## ASSESSMENT PROCESS CRITERIA

An assessment center is a process of evaluating the behavior of an individual. That process includes standardized and objective forms of evaluation that, taken together, satisfy the ten criteria outlined in the "Guidelines and Ethical Considerations for Assessment Center Operations" (International Task Force, 2000) and are discussed in the following sections.

1. Conduct a job analysis.
2. Classify behaviors.
3. Reveal relevant information.
4. Use multiple assessment methods.
5. Use simulation exercises.
6. Use multiple assessors.
7. Train assessors.
8. Record observed behaviors.
9. Prepare reports on observations.
10. Pool data from various sources.

### **Conduct a Job Analysis**

The first essential assessment center characteristic is that a job analysis be conducted. The purpose of this analysis is to determine the skills, dimensions, competencies, attributes, and job performance indices important to job success in order to identify what should be measured in the assessment center. A number of processes can be used to conduct this analysis. The information generated from the analysis should be detailed enough to assist in the evaluation process, and it should be up-to-date.

### **Classify Behaviors**

The second characteristic of an assessment center is that the behaviors displayed by participants must be classified into relevant categories, such as dimensions, skills, abilities, or competencies.

### **Reveal Relevant Information**

The third criterion requires that the techniques used in the assessment center be designed to provide information that is used in evaluating the dimensions, attributes, or qualities previously determined by the job analysis. Basically, the exercises should give the candidates ample opportunity to demonstrate their skills in the various dimensional areas. For example, if the assessors are asked to evaluate the candidates' written communication skills, the exercises must require the candidates to write, and the assessors must see this demonstration.

### **Use Multiple Assessment Methods**

The fourth criterion is that the process must use multiple assessment methods. The methods can be simulations or exercises, tests, interviews, or questionnaires. However, it is imperative that more than one technique be used, as the assessment center process is driven by repeated independent observations by assessors. The assessment techniques used should be pretested to ensure that they provide reliable, objective, and relevant information for the organization in question. Pretesting often involves a review of the exercises, which may be performed by an expert committee of three to five persons presently performing the job, a similar committee of people holding some higher-level position in the organization, or a single person with expert knowledge. To some extent, the choice of people to do the pretesting will be influenced by department size and the stance that the department head takes on excluding agency personnel from any direct exposure to the exercises for reasons of test security.

### **Use Simulation Exercises**

A fifth requirement of assessment centers is the use of simulation exercises. A simulation is an exercise or technique designed to elicit behaviors related to dimensions of on-the-job performance. It requires the participant to respond behaviorally

to situational stimuli. Examples of simulations include role-play exercises, mock press conferences, in-basket exercises, and fact-finding exercises. Simulation exercises are developed to measure a variety of predetermined behaviors.

It is important that agencies not overlook opportunities to use the assessment center process and especially simulation exercises to reinforce organizational change. One particular police agency had trained all its personnel on two major changes it was implementing: accreditation and community-oriented policing. The chief instructed the assessment center director to come up with simulation exercises for candidates for police lieutenant that emphasized these changes. Therefore, to briefly illustrate, the oral presentation involved a newly appointed precinct commander going before local merchants to address the merchants' concerns. These concerns were reflected in the packet of materials the candidates were given to review for forty-five minutes prior to the meeting. This packet included correspondence, crime analysis reports, newspaper articles, intelligence reports, and other documents. To do well on this exercise, candidates had to use a specific model of policing espoused in the community-oriented policing curriculum.

Exhibit 24.1 presents an exercise used in this department. It simulates a supervisor conducting a roll-call training session in the Harborville Police Department. Each candidate was asked to review a series of news articles and to identify actions deviating from the department's high-speed pursuit policy. Not shown in the exhibit but distributed to the candidates with the exercise was a copy of the department's actual policy on such pursuits.

### Use Multiple Assessors

The sixth criterion is that multiple assessors must be used. When selecting assessors, there are several issues to consider, including the following:

- Diversity of race, age, and sex
- Level in the organization
- Experience in the position being assessed for
- Prior experience as an assessor
- Level of expertise in the profession as a whole
- Commitment to the organization and process

The use of multiple assessors is one of the essential premises on which the assessment center is founded. By having multiple independent observations of a participant's abilities, we can have greater confidence that the results are accurate and consistent.

### Train Assessors

The seventh standard for assessment center operations is the requirement for assessor training. Assessors must receive training prior to participating in the assessment center, and this training should be sufficient to enable them to

**Exhibit 24.1. Harborville Police Department  
2004 Lieutenants' Assessment Center Roll-Call Training Exercise.**

**Roll-Call Training Exercise Packing List**

<b>Page</b>	<b>Description</b>	<b>Initials</b>
1 & 2	Instructions to candidates	
3	Interoffice communication from Captain T. C. Bowen	
4	Copy of newspaper article dated May 16, 2004	
5	Copy of newspaper article dated May 1, 2004	
6	Copy of newspaper article dated April 1, 2004	

I have checked the packet of information for this exercise. My initials in the right-hand column above certify the receipt of all of the pages listed.

\_\_\_\_\_  
Candidate Signature and  
Candidate Number

\_\_\_\_\_  
Assessment Center Representative  
Signature

Date: \_\_\_\_\_

**ROLL-CALL TRAINING EXERCISE  
HARBORVILLE POLICE DEPARTMENT  
2004 LIEUTENANTS' ASSESSMENT CENTER**

**INSTRUCTIONS TO CANDIDATES**

**General Scenario**

In this exercise you take the role of Lieutenant C. Knox. You are assigned to Patrol Services. "Today" is June 1, 2004.

Your boss is Captain T. C. Bowen. She is concerned about some recent events concerning pursuits. These events have been reported in the newspaper. Capt. Bowen wants you to study the attached articles about these events. Then she wants you to make a roll-call training presentation. The purpose of the presentation is to identify the actions reported that violate the HPD's pursuit policy. You are not to teach the entire policy.

**Exhibit 24.1. Harborville Police Department  
2004 Lieutenants' Assessment Center Roll-Call Training Exercise, Cont'd.**

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You have forty-five (45) minutes to prepare for the exercise. You have a maximum of fifteen (15) minutes to make your presentation. For the purpose of the exercise, you are to present the material to the assessors in the same manner that you would to an actual group of officers at roll call. You should anticipate that the assessors may have questions regarding your presentation. However, you may *not* ask the assessors questions. Assume that all other roll-call duties have been completed before your training presentation. Your only concern for this exercise is to provide up to fifteen (15) minutes of the type of training required by the instructions for this exercise.

**Things to Remember**

1. You are Lieutenant C. Knox.
2. "Today" is June 1, 2004.
3. You have forty-five (45) minutes to prepare for the exercise.
4. You have a maximum of fifteen (15) minutes to make your presentation. None of your evaluation will be based on how much time you use. It is based on what you accomplish during the time you use.
5. You are to present the material as though the assessors are a group of officers at roll call.
6. The assessors may ask you questions.
7. You may *not* ask the assessors questions.
8. Assume that all other roll-call duties have been completed. Your assignment is to provide the type of training required by the instructions for this exercise.
9. You may write on all pages in this packet of information that you have been given.
10. You are allowed to take the packet of information with you while you complete the exercise.
11. You may make notes and take them into the exercise with you. You may refer to these notes and the materials in the packet of information while making your presentation.
12. All materials must be turned in at the completion of the exercise. This includes the packet of information that you were given, any notes that you made, and so forth.
13. You are *not* to discuss the contents of this exercise with anyone, except assessment center administrators and the assessors, before 5:00 P.M., June 5, 2004.

**Exhibit 24.1. Harborville Police Department  
2004 Lieutenants' Assessment Center Roll-Call Training Exercise, Cont'd.**

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**HARBORVILLE POLICE DEPARTMENT  
INTEROFFICE COMMUNICATION**

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DATE: 01 June 2004  
TO: Lieutenant C. Knox  
FROM: Captain T. C. Bowen  
SUBJECT: Pursuit of Motor Vehicles

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Recent events show that some of our officers don't know or don't follow our pursuit policy. In recent weeks, there were three highly publicized pursuit events. In each of them mistakes were made. These mistakes are very embarrassing. Also, they leave us open to civil suits. Such mistakes cannot be tolerated. It is our duty to make sure that officers know and follow HPD policies.

I want you to study the three newspaper articles that are attached. In each article, you are to identify each specific violation or violations of our pursuit policy. Then, use all of these violations as illustrations in a roll-call training presentation. You are to be very specific about what mistakes were made. You are not to teach our entire pursuit policy. Teach only the portions that are related to violations of our policy as illustrated by the content of the three articles.

**NEWSPAPER ARTICLES**

*Harborville Times*

*May 16, 2004*

***High-Speed Juvenile Escapes Police***

Officer Kevin Williams was injured last night around 2 A.M. while chasing a juvenile in a 1996 Dodge Stealth. The chase reached speeds of 105 mph. It left the city and went into Montgomery County. It was there that Williams's car crashed into a telephone pole.

The driver of the vehicle, whom Williams knew personally and recognized, refused to stop. Williams's attempted stop was based on an outstanding warrant for a misdemeanor theft charge. Williams lost control of the police car due to the high speed and his lack of familiarity with that area of Montgomery County. The juvenile remains at large.

The HPD refused to comment on the incident until an investigation could be completed. However, the 911 supervisor stated that "there never was any radio traffic about a pursuit or a pursuit into the county. The first I heard about it was when a civilian with a car phone notified us of it."

**Exhibit 24.1. Harborville Police Department**  
**2004 Lieutenants' Assessment Center Roll-Call Training Exercise, Cont'd.**

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Officer Williams remains in stable but critical condition at the Southeast Medical Center. *Harborville Times* reporter Sherri Hutt, riding with Williams on Police Chief Jack Sidmore's authorization, was shaken but not injured. She described the event as "enough fun for a lifetime."

*Harborville Times*  
 May 1, 2004

***Fleeing Driver Nabbed at Roadblock***

HPD Officer Carl Jones tried to stop a car for speeding at 4:00 A.M. yesterday on the Intercoastal Highway. That action unintentionally triggered a pursuit. It ended only when another HPD officer grabbed a tractor-trailer rig and set up a roadblock.

The speeds, according to Jones, "never got above 70 miles per hour. But," he continued, "on narrow residential streets, that's scary." Standing nearby, Fred Jackson, the HPD officer who joined the chase on his own initiative, nodded solemnly in agreement. Jackson noted that "even when I rammed the fleeing car with my patrol car, it just kept going."

The pursuit ended when HPD Officer Ben Swift commandeered a tractor-trailer. He used it and his police car to block off the road. The driver, Shirley Giddings of Bridgeport, Connecticut, hit Swift's car at the roadblock. Swift said "the impact was only at about 15 to 20 miles per hour. But without my seat belt on, I got bounced around the inside of my car pretty good. I just wanted to be ready to continue the pursuit if she somehow got through the roadblock."

Chief Jack Sidmore declined comment about the incident.

*Harborville Times*  
 April 1, 2004

***Rain and Traffic Hamper Police Pursuit***

In what WTBS meteorologist Cindy Keller called "the most severe rain and lightning storm to ever strike this part of the coast," the HPD chased a car in heavy morning traffic across the median of Highway 17 in front of the Holiday Inn. The chase went north in the southbound lanes for about half a mile. The fleeing car then cut back across the median into the correct lanes.

The vehicle apparently had no taillights. "It started to run when I hit the blue lights," Officer Andrew Devine reported. The car was able to elude the police due to the weather and the heavy early-morning commuter traffic.

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intelligently evaluate the behaviors measured. Sufficient training will vary from one situation to another because it is a function of many factors, including these:

- Prior experience as an assessor
- The recency of past participation as an assessor
- The content and extent of prior assessor training
- The methods, qualifications, and expertise of the assessment center trainer
- The assessment center experience of other members of the assessment staff
- The use of appropriately skilled professionals, such as licensed psychologists, as assessors

It is difficult to imagine assessors functioning effectively with only a one- or two-hour orientation. However, the prior training and experience of assessors; the model on which the assessment center is based; the types of assessor support, such as reference materials and well-designed forms provided by assessment center staff; the numbers and types of exercises used; the methods used to train assessors; and other logically related factors all produce variability in the appropriate length of assessor training programs. The essential goal of assessor training is obtaining accurate assessor judgments (Kohlhepp, 1992).

Assessor training should include opportunities to observe mock versions of different performance levels for the exercises that assessors will be evaluating. The training should also provide the assessors with an opportunity to practice all of the behaviors they will use with candidates. These include note-taking, using checklists, assigning numerical values from a behaviorally anchored rating scale, and participating in the consensus meeting. The use of checklists can reduce assessor training time and the cognitive demands on assessors and ensure that each candidate is evaluated on precisely the same criteria. The exercise developer prepares a checklist of criteria the candidate should meet for each dimension being measured in the exercise. The task of the assessor, then, is to determine to what degree the candidate has satisfied each item. Writing the checklist requires good judgment. If items are written too precisely, ratings may be lowered. Conversely, if they are written too broadly, assessors will have difficulty in assigning meaning to them. The exercise must be designed with the use of the checklist in mind.

One very effective way to train assessors is to make videotapes of mock enactments prior to the time of the training. Usually, three to six mock enactments are sufficient. The next step is to have experienced members of the assessment center staff evaluate the mock performances. Their notes about each mock candidate's behaviors, their behavioral checklists, and their ratings can then be

used to help “calibrate” the actual assessors during training. After showing the first mock enactment during training, allow the assessors to complete their work without having to rigorously follow any time limits. Thereafter, have them work until they can comfortably complete all assessor tasks within the time allowed. Each time the assessors complete their evaluation of a mock enactment, their ratings should be compared with those of the assessment center staff, and they should be given feedback identifying discrepancies and describing how to correct them. The final step in the training is to have the assessors acknowledge that they feel well prepared to fulfill their duties. If they cannot do so, additional training, finding a replacement, or even postponing the assessment center will be necessary. Signs that suggest that assessors are not properly trained include making relatively few behavioral observation notes, using personal judgments in the notes (for example, “This candidate just isn’t lieutenant material” or “He just doesn’t get it”), and making notes that are inferences (for example, “She is a very charismatic leader”) as opposed to notes that reflect the actual behaviors displayed by the candidate (“She smiled and nodded her head when the role-player suggested that surveillance be placed on the defendant’s place of business and then said, ‘That’s a great suggestion. I appreciate your initiative in coming up with this idea. Write a one-page proposal, and if we can agree on the details, we’ll implement it starting tomorrow’”).

### **Record Observed Behaviors**

The eighth criterion requires that a systematic procedure for recording behavioral observations at the time of observation be used. This procedure might include handwritten notes, behavioral observation scales, or behavioral checklists. Audio and video recordings of behavior might also be made.

### **Prepare Reports on Observations**

The ninth criterion requires assessors to prepare a report of their observations made during each exercise before the integration discussion or statistical integration.

### **Pool Data from Various Sources**

The tenth and final criterion is that judgments resulting in an outcome (for example, a recommendation for promotion or for specific training or development) must be based on pooled or integrated information from assessors and techniques. Assessment centers typically employ one of two models for pooling data: the assessment council method or the mechanical-mathematical method. Although they are, strictly speaking, just methods of pooling data, they have each become associated with different assessment center practices.

The *assessment council* is the traditional assessment center method. It typically offers five to eight exercises, often of short duration (for example, two to five minutes) and usually having a short candidate preparation period (for example, five minutes). The assessors work in pairs whose composition is systematically rotated, and this work culminates in the assessment council. After the assessors have observed all the candidates in all exercises, they convene in the council to pool their data. Initially, they record candidate scores based on each candidate's behavior in the various exercises. Once these scores are entered, the assessors share information from the notes they made while observing each candidate in different exercises. Their task at this point is to judgmentally pool or integrate all relevant information about each candidate in order to come up with the single number for each dimension that most closely characterizes the candidate's behavior with respect to that dimension. The assessors then take the data derived from their council discussion of each candidate and write feedback reports that are subsequently distributed to each candidate. The report-writing process is labor-intensive and time-consuming. The use of the assessment council is perhaps best suited to situations in which the reports will be used to create individually tailored development activities for candidates or high-ranking positions that do not receive close supervision.

In contrast, the most common *mechanical-mathematical method* usually employs three assessors for each exercise. In this method, assessors specialize in a single exercise. Because less training time is required due to this specialization, three or four longer exercises (lasting fifteen to forty-five minutes) are typically used, and they require longer preparation periods (twenty to forty-five minutes). The data in this model are pooled through a consensus discussion for each exercise and are then pooled mathematically across exercises. There is some evidence that holding consensus discussions at the exercise level to generate dimension ratings and then using mathematical pooling of the dimension ratings across exercises is the most accurate method of making an overall assessment (Karl and Wexley, 1989).

Despite their variations, the methods have some similarities. In-basket exercises for both the assessment council and mechanical-mathematical models tend to run one to two hours and may be conducted in the traditional mode or as a multiple-choice test. In both models, the preparation time for the impromptu speech is similar, ranging from one to five minutes. They both use the protocol that assessors' scores in an exercise must be within one point of each other. Finally, the assessment council and mechanical-mathematical models share a core technology: trained assessors independently evaluate candidates on job-relevant behaviors in different exercises. The limited research comparing the results obtained by using these two models indicates no significant differences in the numbers produced (Pynes and Bernadin, 1992). The most important distinction

between the two methods is that the assessment council produces a greater amount of specific information about candidates.

## **PRACTICAL STEPS IN CONDUCTING ASSESSMENT CENTERS**

### **Set the Assessment Center Schedule of Events**

Police promotion rosters typically have lives of one to two years. New promotion rosters may be established according to a schedule or just on demand, when a vacancy is reasonably foreseen. In either case, the first step is to examine the existing job analysis report for reliability. In the Harborville example, this step would mean convening a representative group of lieutenants, an expert panel, to review the existing job analysis report and to determine if it still accurately described the job (see Chapter Twenty-Three). The names of the panel members and the panel findings should be documented.

Assuming that the job analysis is found to be accurate, a date can be set for the assessment center. Civil service rules, union contract provisions, merit system regulations, department policies, labor contracts, and other sources may control how far in advance the assessment center needs to be announced. In any case, that announcement must not be made until a calendar of events, much like an annual budget development calendar, has been drawn up. This calendar is particularly important when the assessment center site is selected on an ad hoc basis each time.

Care should be taken to ensure there is adequate time to train the assessors properly. This should occur immediately prior to candidates' sitting for the assessment. The number of candidates scheduled per day is highly dependent on the length and number of exercises. Typically, eight to twelve candidates per day can be processed at a moderate pace. Assessment center administrators should be sensitive to the fact that assessors can get mentally fatigued. Trying to process too many candidates per day or not giving assessors adequate time to rest may result in inaccurate scores.

### **Walk the Space and Evaluate It**

If you are the assessment center director, never accept any space for an assessment center until you or an experienced member of your staff has personally walked through it. This rule holds true even when you have used the space previously. For example, if you have used a particular hotel before, you may be tempted to accept its representation that "nothing has changed." However, even though the internal space might not have changed, a construction company might be noisily erecting a new building next door or remodeling might be going on elsewhere inside the hotel. The noise and other activity might directly interfere with the ability of both candidates and assessors to work.

## Design the Dimension-Exercise Matrix

Table 24.1 illustrates the kind of basic relationship you need to be sure exists between assessment exercises and dimensions identified by the job analysis. Each exercise measures a different combination of dimensions. Note that each dimension should be measured in at least two different exercises. For example, the Harborville role-play exercise contained a requirement to write a report on the results of a meeting with a subordinate whose performance was deteriorating. That report was not assessed by the assessors for the role-play exercise but by a separate panel of assessors.

## Recruit the Assessors

The right types of people to be assessors must be recruited early in the process. In business, it is a common practice to use internal assessors holding a position at least two levels above the one for which candidates are competing. However, in policing, the more usual case is to use external assessors from other nonfederal law enforcement agencies, such as the state police, state patrol, or county sheriff's or police departments, or from other municipalities. To some extent, the choice of assessors is a devil's dilemma for police agency assessment centers. On the one hand, if you select internal assessors, candidates will complain that the assessors selected the candidates they liked best or knew best. On the other hand, external assessors are sometimes seen as not knowing anything about the department or the candidates' on-the-job abilities. Candidates will sometimes complain that outside assessors should not be allowed to make such important decisions after seeing so little of the candidates. The Harborville Police Department determined it wanted internal assessors who held the rank of lieutenant or higher, who had at least two years of college, who had attended major police schools such as the FBI National Academy, who were experienced supervisors, and who had good reputations in their departments.

**Table 24.1. Harborville Police Department Tentative Dimension-Exercise Matrix.**

Dimension	Written	Oral	Role-Play
	Problem Analysis Exercise	Presentation Exercise	
Perception	X	X	X
Decisiveness	—	X	X
Judgment	—	X	X
Oral communication	—	X	X
Written communication	X	—	X
Leadership	—	X	X
Organizing and planning	X	X	X

Assessors should be recruited from departments comparable in size to the agency conducting the assessment center. The assessor pool should also reflect consistency with community demographics, such as gender and race. A different view on this matter is that assessors should at least mirror the demographics of the candidates (Lowry, 1993). As a practical matter, the group of assessors you use may not meet all of the criteria noted here. For example, an assessor may be a college graduate or hold an advanced or professional degree yet not be a graduate from one of the premier schools. Assessment center directors must develop their own views of what constitute acceptable trade-offs in the criteria for assessor selection.

One way to recruit assessors is to select from the ranks of the high performers among the assessors with whom you have previously worked. Another way is to design a form capturing the data used to judge potential assessors and to ask other departments to use the form to make nominations. Prior experience as an assessor is usually an asset, and the nomination form should also capture when and where such experience was obtained and any associated training. Because assessors who have reputations as high performers are usually in high demand and short supply, one technique is to mix assessors with different levels of experience. This allows for the development of assessors over a period of time.

Sometimes agencies are so focused on getting their needs met by the assessors that they lose sight of the fact that the assessors also have their own needs. The term *assessor abuse* has gained some currency for describing situations in which assessor needs are ignored or met in a haphazard fashion. The prime example of assessor abuse is scheduling too many candidates daily. This is unfair for the assessors and can lead to inaccurate ratings of candidate abilities.

Just as people do, agencies develop reputations. An agency can get a reputation for, among other things, the type of assessment center it operates and how it treats its assessors. A failure to host assessors properly means that it will have difficulty recruiting assessors in the future.

### **Train the Role-Players**

Properly training role-players is the key to their success. The training of a role-player starts with taking the exercise just as a candidate would. To develop the role-player further, he or she receives feedback about the performance. Then background and other information about the character and positions that the role-player will take on is given for further study and is explained verbally as well. For example, a role-player might be instructed that a candidate who asks if the role-player has a drinking problem should receive a *two-knock* response: at the first question, or knock, answer, "No, I wouldn't say that," and on the second knock, reply, "You know, my wife says she is concerned about my drinking." After this, the role-player is instructed to respond accurately to all questions about drinking in accordance with the guidelines. Each time the role-player

plays a part, it should be videotaped and critiqued until he or she can play it consistently. Role-players should be required to sign a security agreement that they will not divulge assessment center materials.

### Select the Exercises

Exercises may be *off the shelf*, meaning that they are designed to measure the standard dimensions identified by a job analysis but will not reflect the actual practices of the department or agency for which the assessment center is being conducted. In contrast, *embedded* exercises are specifically tailored around the policies and procedures, organizational structure, shift system, resources, and conditions in the agency and community for which the assessment center is being conducted. Because embedded exercises mirror agency practices, candidates are typically more accepting of them and of the results generated. This means less time spent in responding to grievances and complaints.

In a police department, typically, exercise developers will sit down with a committee of lieutenants, and together they will talk about ideas and scenarios until the developer has a clear sense of what the exercises should be about. The developer will then write the exercises and have them critiqued by the committee. Some exercise developers have the luxury of also having related work experience, publications, training, and education. Consultants with an appropriate background may elect to develop the exercises on their own and then ask the lieutenants' committee to review them. In particular, committee members must be attentive to whether the time allowed for the exercise is sufficient and whether department policies, practices, and terms or language are accurately and authentically portrayed. Using department terms and language, for example, is important to making exercises acceptable to candidates. For example, the terms *roll call*, *reading*, and *briefing* all refer to the same event, but different agencies will prefer one or another of these terms. Similarly, *shift*, *tour of duty*, and *trick* all mean the same thing but are variously preferred in different departments. The best way to get feedback on accuracy is to have each of the committee members actually perform the exercises and get a realistic view of them.

Typically, it is better to schedule too much rather than too little time for the candidates' preparation part of an exercise, because that greatly obviates a common source of candidate complaints. For many police departments, the minimum educational requirement for hiring and even promotion is still a high school diploma or its equivalent. Commonly, people who have a high school diploma may actually read at about the tenth-grade level. Therefore, the reading level of the exercises in agencies with the high school requirement should be kept under the grade-ten level. Doing so eliminates complaints that the exercises "favor the college-educated" and that the assessment center is "nothing but a reading test."

With some materials, it may not be possible or even desirable to keep the reading level below grade ten. For example, the exercise packet might include copies of particular statutes. Statutes may have extraordinarily high reading levels. If these statutes are part of the job-related materials officers are expected to know, the tenth-grade limit need not apply.

Once the exercises have been developed, critiqued, and modified as needed, they must be duplicated for use by assessors in training and by candidates going through assessment. Throughout this sequence of events, security of the assessment materials must be maintained. Duplication should be done by a trusted source. On site, the assessors should be cautioned to maintain all materials under secure conditions. One way to help assessors do this is to issue them boxes or other containers that are sealed, like evidence envelopes, each evening.

It is also important that exercises account for other agency conditions. For example, when the Harborville Police Department hired its first chief from outside department ranks, he was greeted by agency members with some resentment and suspicion when he first arrived. One of the changes he implemented was the use of assessment centers for candidates for promotion, a process agency members knew nothing about and decried as a waste of money. To counter some of their opposition, a four-hour candidate orientation session was held. Candidates were given numerous written handouts, and the orientation was videotaped for those who could not attend or who might want to refresh their memories at a later date. For the assessment center director, one concern was accurately evaluating the level of candidate ability. Another concern was that the project be well received, inasmuch as the chief was under scrutiny for other issues as well. To address these two concerns, the exercises were written to be hard enough to provide useful distinctions between candidates but soft enough to ensure a number of successful candidates. In addition, ample time was provided for the candidates' exercise preparation period. These measures resulted in great acceptance by all the candidates. Several of the candidates who failed the assessment center even wrote to the chief encouraging him to continue the assessment centers because they were a practical process and all candidates were given the same opportunity to compete for a promotion.

### **Determine the Level of Candidate Feedback**

Police departments often use the results of an assessment center only as the basis for making hiring and promotional decisions. In such schemes, the feedback given to candidates will gravitate toward the minimal, and often they will receive only a letter showing how they scored on the various dimensions, what the group average was on those dimensions, and the same types of data for each individual exercise. This approach ignores the other important uses that can be made of the available data to the betterment of the candidates and their em-



ployer, such as identifying skill deficits, tailoring individual development plans, and increasing the legitimacy of the assessment process by allowing candidates to scrutinize all assessment center records pertaining to their candidacy.

Whether or not to use a *full-scrutiny policy* is a decision usually made by someone other than the assessment center director. The existence of such a policy will on rare occasions form the basis for a complaint by a candidate, due to some irregularity in the record. Although some think otherwise, this event is not justification for using a minimal level of feedback. Most often, candidates who have not done well in the assessment center will, under the full-scrutiny policy, understand where they have made mistakes and what they need to do to improve. (And candidates who have done extremely well ordinarily do not seek feedback because they have already received the most salient data of all: they are in position for promotion.)

Some departments videotape candidates' performances in the exercises before the assessors arrive. Then the assessors evaluate these performances from the videotape. Other departments videotape each candidate's performance in front of the assessors. In this latter case, the assessors refer to the tapes only to resolve disputes about particular points of a candidate's performance. In either case, when videotapes exist, it is often very helpful to show a candidate his or her videotapes as feedback. For example, one of us was giving feedback to a lieutenant who had failed a captain's assessment center. He came in a little hot and defensive and disagreed with the reports the assessors had written about him, particularly with respect to his lack of interpersonal sensitivity and low interpersonal communication skills. However, when I showed him the videotape of his first exercise, his entire demeanor changed, and he told me that for the first time in his career, he really understood why people over the years had made some of the criticisms on his performance appraisals.

The best way to give full-scrutiny feedback is to first recruit the people who will deliver the feedback from the ranks of the people who did the assessing. Then supply training for them in how to give constructive feedback and in the protocols the host agency wants followed; this training can usually be accomplished in eight to sixteen hours. A second way to give this feedback is to recruit new people for a *feedback crew*, employing the same standards used for recruiting the assessors, and to put these people through all of the exercises as well as the feedback training.

## CONCLUSION

An assessment center is both a process and a place. To properly be called an assessment center, the process administered must meet certain standards. Broadly speaking, there are two methods of pooling or integrating the data generated by

the assessors: the assessment council method and the mechanical-mathematical method. Each is associated with a different way of enacting an assessment center.

It is best to develop a schedule of events for an assessment center and to ensure that the selected dates are viable. The place chosen must convey that the organization takes this process seriously. To be certain the facilities are appropriate, the assessment center director should carefully evaluate them.

The dimension-exercise matrix shows the relationship between the dimensions (skills and abilities) to be measured and the various exercises. These dimensions are identified through a careful job analysis that complies with applicable standards for generating such data.

No matter how good the exercises and facilities are, it is the assessors and role-players who ultimately determine assessment center success. For that reason, the selection and training of these people, the design of assessors' forms (such as checklists), and the effort to host these people appropriately are of extreme importance. Assessor abuse should be avoided at all cost. Due to various emergencies, assessors and occasionally role-players must sometimes be replaced with little advance warning. Assessment center directors must prepare for such emergencies through contingency planning.

The exercises used in assessment centers are typically one of two types: off the shelf or embedded. The latter type meet with greater acceptance and fewer complaints from candidates because they are custom-tailored to the agency. Regardless of which type of exercise is used, the reading level of the materials needs to be checked beforehand and corrected to an appropriate level if necessary. From the beginning of the exercise development process through use of the materials, the security of materials must be maintained.

The amount of feedback given to each candidate ranges from only a final score to a letter identifying the dimensions and how the candidate scored as compared to the average for his or her group of candidates to a full scrutiny, meaning that the candidate has a right to examine every paper that affects his or her promotability.

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# Work Management and Job Evaluation Systems in a Government Environment

Gilbert B. Siegel

**T**his chapter discusses concepts, methods, and uses of job evaluation. Among areas considered are the evolution and importance of job evaluation, components of job evaluation systems, and various evaluation methodologies. Attention is given to the comparatively new concept of broadbanding, which fuses such constructs as career, job evaluation, compensation, and workforce management. The chapter closes with a description of system development using in-house staff or consultants or both and a procedural example of the application of one methodology, the factor-point system.

## IMPORTANCE OF JOB EVALUATION SYSTEMS IN GOVERNMENT

When civil service reform first began at the federal level in the United States during the late nineteenth century, it emphasized candidate selection and the prohibition of political influence in that selection. However, it was not long after initial reforms were installed that the vagaries of compensation levels also became an issue. Congress heard complaints from civil servants about disparities between titles of assignments and pay. Persons doing the same thing were compensated differently, sometimes significantly so. This was doubtless a vestige of the spoils system that the reforms were intended to correct.

As the Industrial Revolution matured in the United States, some of its organizing principles also influenced government, especially Frederick W. Taylor's concepts of job analysis and Hugo Musterberg's ideas on industrial psychology, particularly selection. Though Taylor's chief concern was increasing efficiency, he pioneered the use of job analysis for describing an individual's work in component elements, and he also advocated the standardizing of positions. These *scientific management* techniques led to the first job evaluation system, based on standardized positions clustered into series, classes, and grades. Installed in the city of Chicago early in the twentieth century, the system was soon adopted by other jurisdictions and was established in the federal government by the Classification Act of 1923. Thus the idea became firmly established of the *job*, rather than the incumbent, as the object of compensation.

Today, the design principles of the Industrial Revolution are often deemed inadequate. Indeed, people have railed against them for many years as organizational environments came to require more flexible and adaptable workforces, only to be frustrated by the organization and management principles of scientific management. Consequently, the traditional concept of *rank in person* (in contrast to *rank in position* or *rank in corps*), rejected for the most part by civil service reformers in the nineteenth century, has now been resurrected, though perhaps unconsciously so, through broadbanding. Also new to compensation practice and gaining some currency are various versions of team performance and reward systems. From the standpoint of management and compensation, these concepts are emphasizing the worth and reward of the individual more than the job.

### Job Evaluation, Work Design, and the Job Hierarchy

From the perspective of scientific management, executives create organization through a process of division of labor and task specialization. At high and intermediate levels, this requires factoring organizational goals into means for carrying out objectives and results in an ends-means hierarchy. For example, an overall organizational goal might be to promote the health and welfare of military veterans. This is carried out through the means of providing various benefits (for example, insurance, burial, disability, and educational) and delivering health services. The benefits and services then become subgoals, which are carried out through means such as disability payments and hospitals and so forth, hierarchically. Various principles are applied in specializing or departmentalizing. These so-called classical principles of organization include various bases for organizing work into department units (for example, by major processes applied, such as engineering; geographical location; or clientele served) and other traditional concepts such as span of supervision, unity of command, and hierarchical coordination. At operating levels, work is not viewed as units of specialized management; work is organized in flows, a series of work segments

linked in processes. Segments are in turn clustered, also based on principles of specialization, and standardized to create positions, each position requiring the work of one individual.

From a traditional management perspective, positions have to be grouped into abstract categories known generically as *jobs* or *classes*. These groupings allow organizations to manage variety through fewer categories. Jobs similarly classified have common titles, similar duties and responsibilities, and similar pay ranges and qualification requirements, all of which is reflected in the job description and specification.

Job evaluation creates a hierarchy—the organization’s *value system for jobs*. Usually, this value system uses various criteria that relate to the nature of the work and the worker qualifications required. It may also be modified by the realities of the marketplace for particular jobs.

Contemporary concepts have emphasized fewer hierarchical levels and have broadened performance categories, looking at the ability to perform the requirements of entire processes or to fill nearly open-ended “virtuoso” jobs. Job evaluation must of course be adapted to such changes.

### Uses of Job Evaluation in Government

The place in the value system of a given job’s worth is reflected in compensation, particularly in the form of a base rate or range of pay. Thus the value system is usually important to employees as well as to management because it establishes the basis for equity—or at least it has traditionally done so. Other factors may influence actual rates of pay. Modern compensation concepts emphasize the tailoring of pay to the individual in a variety of ways. Some of these will be considered later.

The job hierarchy is used for more than determining compensation, particularly in public organizations. It serves as a general guide in recruitment and selection, it is a tool for redesigning organizational processes, and it assists in the management of career planning, training and development, assignments, and reductions in force. It also forms the basis for personnel system planning and controls. For example, in planning, the job hierarchy plays a part in determination of future staffing needs and costs in terms of both existing and different occupations; it bears on reorganizations in which decisions about responsibilities and assignments are influenced by job descriptions and specifications; and it has a role in the various personnel research studies that use occupational categories to generalize findings (as in human resource forecasting). In the area of control, the job hierarchy influences average grade-level ceilings; although based on pay standardization, they are rooted in the job hierarchy, budgetary controls on positions (which limit authority to employ and pay), and audit controls to verify that positions are appropriately allocated and that they are authorized.

## COMPONENTS OF A JOB EVALUATION SYSTEM

A distinction inherent in this discussion is that between crafting a job evaluation system and operating under one. This chapter emphasizes system development. However, in either case, a manager has to grasp design components in order to understand the applicable concepts. Once the system or systems have been developed, all positions involved are allocated to them.

### Objectives

Not all job evaluation systems have the multiple uses and objectives just described. In fact, it has been argued that these secondary uses complicate the basic mission of job evaluation, which is to create the organizational value system for jobs—value in turn being reflected in pay. For example, it would be possible to use very general criteria for allocating positions to jobs, or classes, if compensation were the only purpose. However, greater precision is required when the description is to be used as the basis for testing in promotions and for making other career decisions while adhering to civil rights laws.

### Scope of the System: Who Is Covered?

Will the job evaluation plan integrate all positions from janitor to chief executive officer, or will there be separate systems for, say, professionals, managers, office clerical and technical personnel, trades, and so on? It has been argued that different ranking criteria are needed for different positions. Although a common set of criteria might be applied to all types of positions, separate pay standardizations will prevent *grade creep*, a particular affliction of public bureaucracies. Grade creep will be discussed here and in Chapter Twenty-Six.

### Evaluation Factors

The essence of job evaluation is the rating or ranking of jobs by their relative worth. The value system used is composed of *job evaluation factors* (also called *allocation factors*, *classification factors*, or *compensable factors*). Technically, these factors need to be present in different amounts in various jobs, to be minimized in number (fewer is better), to be discrete in meaning to avoid double weighting, to be agreed to by employees, and to be found to some degree in all positions in the system. Also, from the traditional job evaluation perspective, it can be added that each factor must measure aspects of *jobs*, not incumbents. Commonly used factors are job requirements, responsibility, working conditions, physical demands, difficulty of work, personal relationships, and leadership and management skills.

## Methodologies

Later in this chapter, I discuss whole job ranking, position classification, point rating, factor comparison, and factor-point ranking. All of these systems are found in some form in organizations. Three additional hybrid approaches are also briefly considered: equitable payment, the Paterson method, and the Hay Guide Chart Profile. Among the latter, only the Hay method, which is proprietary, is extensively applied.

## Data-Gathering Activities

Management and employees should be trained to participate in the job analysis. Usually, expense dictates that questionnaires be used and that a limited sample of interview audits be conducted to verify questionnaire data. Position description questionnaires (PDQs), as the basic data-gathering instruments are known, and audits focus on three types of data. First are general data about the respondent (position title, location information, supervisor, salary). Second are data about the work of the individual, that is, the position (duties and responsibilities) and the qualifications required (knowledge, skills, abilities, and minimum requirements). In addition, the Americans with Disabilities Act of 1990 (ADA) imposes a more contemporary requirement. Tasks must also be identified by whether or not they are essential to the work of the position. An essential task or duty is one that could not be reallocated to another position as a reasonable accommodation for a disabled person assigned to the position. Third are data about the individual's work in terms of the several job evaluation factors. PDQs are gathered from all employees.

## Benchmark Positions

Key or *benchmark positions* serve as another part of the database for development of a job evaluation system. They are also important in developing salary standardization and in surveying labor markets. These benchmark positions are usually few in number—1 to 10 percent of all the positions covered by an evaluation plan. These positions may be treated as jobs (remember the distinction between jobs and positions) because they usually represent a range of positions involving large numbers of employees and because they are important in the organizational structure, may be used often in collective bargaining, are well known by executives and labor leadership, are relatively stable in content, are good reference points for levels of difficulty and responsibility, and are susceptible to precise definition.

## JOB EVALUATION METHODOLOGIES

Perhaps the simplest form of job value differentiation is not a system: it is simply that the boss pays some jobs more than others. This is a type of whole job ranking in which jobs compensated at different levels yield a *de facto* job eval-



uation system. Alternatively, the boss may value certain jobs or people more than others without awarding differential compensation. Later, this chapter discusses a method of allocating positions to broadbands, in which job evaluation, career paths, personal rank, and pay levels are combined, and one method of broadband allocation is to rank whole positions relative to limited criteria. Usually, however, job evaluation requires considerably more rationalization. Most methodologies share some common elements: differentiation of occupational families, rating or ranking of positions, and allocation criteria or some type of standards. I begin the discussion of methodologies with position classification, the granddaddy of all such systems.

### Position Classification

*Position classification* differentiates all positions as to *kind* of work and *level* of work. *Kind* refers to the general nature of the work performed; *level*, to factors such as degree of complexity, supervision received or given, and technical knowledge required. Thus clerks and scientists perform different kinds of work, but both kinds have various levels. Certain clerks must have a detailed knowledge of regulations that is not expected of others, and some scientists perform routine tests while others devise completely new methodologies. Usually, kind and level of work are divided by several lines of differentiation. When there are few distinctions, broad classes tend to result, whereas when there are many, the class structure is narrow. (*Class*, as noted earlier, has the same meaning as *job*, but *class* is the term commonly used in the methodology of position classification.)

Classes are ranked within occupational series, and positions are ranked within classes, based on their standing relative to the classification factors used. When this type of system was first introduced, it used verbal standards and factors to determine rank both within an occupational series and within a class. Later, various quantification aids were introduced.

The positions in each class are sufficiently alike that they can be clustered under the same broad qualification requirements, the same tests of fitness, and the same scale of pay. Classes are described by standards. A class standard usually consists of an official title, a brief statement of the kind and level of work, identification of the factors that distinguish this class from others, examples of duties and responsibilities, and employee qualification requirements.

### Point Rating, Factor Comparison, and Factor-Point Systems

Point rating and factor comparison have only one objective, compensation, in contrast to position classification, which has several purposes.

**Point Rating.** Rather than being a global system, as position classification was first envisioned to be, *point rating* is applied to positions differentiated by general

criteria into such groups as office clerical and technical workers, blue-collar workers, and professionals. Factors to be compensated must meet the criteria listed in the discussion of evaluation factors. For each evaluation plan, the factors are defined and then ranked quantitatively so that each factor has a point value. Based on empirical differences among the benchmark positions used to construct the system, each factor is then divided into defined levels or degrees. Degree levels represent portions of the factor's total numeric value. Positions can then be graded, or allocated to a system, by comparing their position descriptions factor by factor and level by level until total points can be allocated for each and all factors and totaled.

**Factor Comparison.** When *factor comparison* was first developed, it was envisioned that universally applicable factors (usually no more than five) would be applied to all jobs in the organization, much as in position classification. In this system, because they are based on job analysis, position descriptions are written in terms of the factors. The factors are described verbally by the organization before position descriptions are written. In developing this system, the organization ranks each benchmark position twice: factor by factor, to determine factor importance in the position, and by units, such as points or money, to determine how a salary or wage is distributed among factors. The result for each benchmark position is two rankings (importance and units), which must be reconciled. As a result, some benchmarks may have to be discarded from system development if the two ranks do not correspond.

The factor comparison evaluation system produces two artifacts. One is a matrix with factors heading the columns (horizontal axis) and points or monetary values heading the rows (vertical axis). After reconciliation of the two rankings, benchmark positions can be matched up with the appropriate cells in the matrix for each factor and the benchmark position titles placed in those cells. When positions are to be allocated to the system, their job analysis data, or job descriptions, are examined factor by factor for a relationship to the benchmark positions in each factor column. This examination is assisted by the second artifact of the system, the benchmark position descriptions that describe the position factor by factor and assign point or monetary values. Points or dollar amounts are assigned for all factors, and their total value is summed for either total salary or total points. When points are used, they have to be related to salary levels.

**Factor-Point System.** In 1971, the developmental work of the federal group known as the Job Evaluation and Pay Review Task Force, under the leadership of Philip M. Oliver, produced a unified approach to job evaluation. The task force had been charged to establish a system that would rectify the "universal complaints about existing job evaluation and pay systems" in the federal ser-

vice (Richter, 1972, p. 1). In response, it developed the *factor-point system*, a hybrid of the point rating and factor comparison systems.

Among the greatest problems with position classification have been that class standards are developed as composites of many positions, are stated in general terms, and being nonquantitative, eventuate in multiple interpretations and organizational conflict. These problems have been exacerbated by the hidden agenda of personnel departments to prevent *pay grade escalation*, or grade creep, through either initial position allocations or reclassifications.

The Oliver task force sought to overcome such problems through a series of design features. In this system (as in factor comparison), the counterparts of class standards are the actual occupied positions that have served as benchmarks during system development. This use of benchmarks is similar to the factor comparison approach. The factors used in this system are the same as many of those discussed earlier; however, not all factors will apply to the same extent in all job evaluation plans. So in the factor-point system, guide charts are developed to aid managers in assessing positions for the various factors. Each factor is defined and consists of various degrees, or levels, and each level is also defined. Job families that are alike in kind of work performed but vary in terms of knowledge and qualifications are usually supposed to have no more than four levels (entry, journeyman, senior, specialist). The task force also adopted the concept of separate systems or subsystems. Again, the idea is to militate against the organizational tendency to create multiple layers of middle and upper management, each layer, of course, requiring a separate job or class. Another problem the factor-point system is meant to address is the tendency on the part of departments and agencies to establish positions within narrow criteria, partly for status and partly to recognize narrow professional and occupational differences. Both tendencies put pressure on pay.

In allocating positions to the system, one first identifies the kind of work (for example, civil engineering or accounting) from job analysis data or an accurate position description. If a benchmark standard exists that matches the position being allocated for each factor, the factor points for that benchmark are adopted. If a match is not found, the position is bracketed, factor by factor, between related benchmarks. Interstitial point values are determined by referring to guide charts for point allocations. Total points are summed. Based on this total, the position is also allocated to a pay range that corresponds to points-to-range conversion standards. Constructing a factor-point system is discussed with an example later in this chapter.

### Other Systems

As mentioned earlier, three other systems have been in common use in recent decades.

**Jaques's Equitable Payment.** Elliot Jaques (1961, 1964) devised a job evaluation system based on three interrelated factors: the level of work, as measured by a *timespan of discretion*; the comparison of pay with an *equitable payment* figure, which, Jaques claims, represents one of the "common norms of payment" that individuals in jobs with similar timespans feel are appropriate for their tasks; and *capacity*—the amount of an individual's job-related abilities at a given point in time.

*Timespan of discretion* is defined as "the longest period which can elapse in a role before the manager can be sure that his subordinate has not been exercising marginally substandard discretion continuously in balancing pace and quantity of his work" (Jaques, 1964, p.17). For multiple-task jobs (in which the individual accomplishes a number of different tasks concurrently), timespan of discretion is determined by analysis of the task that has the longest completion time. Jaques recommends that managers use the technique of successive approximations to identify the time limits of subordinates' task completion (time being a surrogate for productivity). This technique forces managers to attend solely to productivity—estimating too high, then too low, and finally bracketing a reasonable figure. The level of work is determined by managerial appraisal of tasks (difficulty, complexity, and so on) rather than content.

Jaques uses a so-called social-analytical method to determine people's norms of equitable payment. It employs confidential interviews to help individuals clarify feelings, judgments, and attitudes that they may not have recognized themselves.

Literature reviews of this method have produced little support for any but the idea of timespan of discretion as ideas that might be used in job evaluation (Hellriegel and French, 1969).

**Paterson Decision Band Method.** The Paterson *decision band method* (Paterson and Husband, 1970; Paterson, 1972) is a single-factor job evaluation method that emphasizes level of decision making as the factor that differentiates all jobs. Paterson identified thirteen decision grades according to which jobs can be analyzed and graded. The higher the grade, the greater the value of the job to the enterprise and therefore the greater the reward. The decision grades fall into seven bands that correspond to organizational levels. Beginning with the highest, A- and B-band decisions involve *policymaking* to guide the organization; decision choice is unlimited or constrained only by law. In bands C and D, *programming* decisions are made, typically by senior managers within the limits of policy. In band E, *interpretive* decisions are the purview of middle managers, who act within programmed limits. The *routine* decisions of band F are made by first-line operatives to execute interpreted policy decided at band E. Finally, band O comprises *defined* decisions, made by unskilled workers. Here only the most limited decision discretion is possible, such as working pace. At each level

except band O, *coordination* decisions are considered higher-level than other types of decisions, thus creating the thirteen grades. The limitation of this method is that it is a one-factor system and provides only a framework within which differentials may be applied.

Paterson claims to have data from more than seventy firms, involving nearly sixty thousand employees, that establish a logarithmic relationship among the existing wage rates paid to different decision grades as defined by this method. Plotting current pay rates on a log scale against thirteen job grades demonstrates this relationship. Paterson interprets this result as showing an unconscious tendency by companies to reward decision makers according to this specific logarithmic relationship. Organizations studied that did not follow the logarithmic-differential compensation pattern tended to suffer from poor morale, a high incidence of industrial relations problems, and related difficulties.

**Hay Guide Chart Profile Method.** The *Hay Guide Chart Profile* method (Patten, 1988) is similar to point-factor ranking and is one of the methods that influenced the Oliver task force in developing the federal evaluation system. The content of each position is studied within a framework of four major dimensions and eleven factors, and then point values are assigned to each aspect of job content. The four dimensions and their factors are as follows:

1. *Know-how*: Technical knowledge requirements; leadership or supervisory demands; quality of human relations skills needed
2. *Problem solving*: Problem-solving challenges and procedural constraints in problem solving
3. *Accountability*: Levels of freedom to act to fulfill job objectives; impact of actions on the organization as a whole
4. *Working conditions* (used with blue-collar and certain specialized occupations): Environment in which the job is performed; level of physical effort involved; hazards present in the job

These dimensions are organized and described in guide charts that assist raters in evaluating job content. Multiple raters evaluate benchmark positions, in terms of the factors, on a geometric scale with a ratio of approximately 15 percent between increments in the series.

A third judgment on job aspects is then made by *profiling*. Jobs are often typed: for example, a researcher might be said to hold a *think job*. A job profile describes the proportion of know-how, problem solving, and accountability that make up the total job. Further, profiling adds numerical values, judging a job as *x* percent know-how, *y* percent problem solving, and *z* percent accountability.

## BROADBANDING

Basically, broadbands come in two designs. In one, *career bands*, there are sub-ranges of pay, which make personal rank possible as a pay level, but usually there are no more than four or five job levels (entry or trainee, development, full performance, and senior expert or supervisor). Career bands also have specific but greatly simplified classification criteria. In the federal government demonstration projects, the four or five bands can replace as many as fifteen General Schedule (GS) pay grades. Alternatively, the bands can be broad ranges to which positions are allocated based on traditional job evaluation criteria. This latter model might be called a *broad grade system* (“Study Identifies,” 1995). Exhibit 25.1 is a structural example from a broadbanding system developed as part of the U.S. Navy Demonstration Project. Shown are career paths, job levels, and several GS levels (pay ranges) collapsed into different bands. The experimental Navy laboratories used two simplified approaches to classification, or allocation, of positions (Schay, 1993). One was whole job comparison based on a limited number of benchmark position standards. In the second approach, or system, the manager made a tentative career path and level determination and then reviewed a menu for the path and level and selected appropriate description statements from a list of job factors similar to ones discussed earlier in this chapter. At least one statement was selected for each factor. These systems were carried out with the aid of a computer program that then produced position descriptions.

Although the structure of these systems has important implications, it is the implicit organizational culture changes that are most important. Federal personnelists acknowledge three roles that comprise the new human resource management authority of managers under broadbanding: compensation management, job evaluation management, and performance management (Schay, 1995). The Merit Systems Protection Board (1989) has spelled out the implications of this cultural change for the federal government, where the most extensive broadbanding interventions are taking place: the definition of *equal pay for equal work* becomes elastic because base pay for similar jobs can vary considerably; the accuracy and credibility of performance appraisals become critical to system success; and once an incumbent gets into the full working (rather than trainee) band for an occupation, the determination of type of work assigned and amount of pay is no longer affected by personnel department actions or control—it is the manager’s responsibility. Thus the career band approach has caused a significant shift in human resource management focus—from the job to the person. (Broadbanding is discussed further in Chapter Twenty-Six.)

Before moving to a detailed example of techniques in system implementation, we should look at ideas about who ought to do the work of applying these techniques.

**Exhibit 25.1. Career Path Identification by Classification and Current Grade.**

General Schedule Grade Level																
Classification	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16–PL <sup>a</sup>
Clerical career path	I (NCM)	II (ACM)		III (FCM)			IV (SCM)				V (CE) <sup>b</sup>					
Technical career path				I (NTM)			II (ATM)			III (FTM)		IV (STM)		V (TE) <sup>c</sup>		
Administrative career path							I (NAdM)			II (AAdM)		III (FAdM)		IV (SAdM)		V (AdE) <sup>d</sup>
Professional career path							I (NFM)			II (APM)		III (FPM)		IV (SPM)		V (PE)

*Note:* N = New; A = Associate; F = Full; S = Senior; C = Clerical; T = Technical; Ad = Administrative; P = Professional; M = Member; E = Exceptional.

<sup>a</sup>Public Law.

<sup>b</sup>Reserved for agency-level position.

<sup>c</sup>Reserved for managerial position.

<sup>d</sup>Reserved for managerial or expert position.

*Source:* Naval Ocean Systems Center, 1979, p. 23.

## STAFF- VERSUS CONSULTANT-DEVELOPED PLANS

This section looks at three alternatives for accomplishing the job evaluation project (you may also want to refer to Chapter Thirty, on using consultants). However, first, a caution: no matter who does the work, the importance of management support for the project cannot be overstressed. Support means that management, at the least, endorses the system being developed and communicates that endorsement throughout the organization, finds the time to work with responsible staff and consultants developing the system, and facilitates whatever workforce participation is needed.

The three alternative approaches to job evaluation system development are a plan entirely developed by in-house staff, a plan developed by in-house staff with assistance from one or a few consultant advisers, and a plan almost entirely developed by a consulting organization.

### Alternative 1: In-House Staff

Several advantages can accrue from in-house staff development. The project will be carried out by people who know and understand the organization. If it is not rushed, the experience can result in considerable learning for the human resource management staff, department management, unions, and even policymakers. The project may extend beyond the objective of developing the system to an objective such as changing the organizational design. Theoretically, it is cheaper to do the project in-house because it avoids the consulting costs. These savings may be illusory, however, because of the trial and error inherent in learning while doing. Finally, the plan can be tailored to perceived special organizational needs.

The major disadvantage to attempting system development in-house is lack of expertise. As previously mentioned, learning while doing can be costly, and the time required to learn the appropriate technology may be too great given the usual desire to install the new system quickly.

### Alternative 2: In-House Staff with Minimum Consultant Assistance

The advantages of using in-house staff with minimum consultant assistance are more or less the same as those in alternative 1, and this method may avoid the primary disadvantage found in the first one. In this alternative, the educator role of the consultant is most important. However, the disadvantages of having to take time for learning and, as in alternative 1, of slow project accomplishment may make this alternative impractical.



### **Alternative 3: A Consulting Organization**

In the third alternative, all the components of the job evaluation system are under the control of a consulting group. Naturally, at various stages of the project, there will be considerable involvement of the human resource management staff, organizational management, employees, and unions or employee associations.

There are many advantages and disadvantages to hiring a consulting organization. Some are counterparts of those in alternatives 1 and 2. Among the advantages are the fact that the use of consultants gives the appearance of an independent point of view on organizational requirements. This may also be possible in alternative 2 if the consultant is highly reputed. However, the consultant in alternative 2 is usually viewed as ancillary to in-house staff. By using a consulting organization for most of the work in alternative 3, the jurisdiction buys expertise that has been extensively applied in a variety of organizations. This alternative is generally the most expeditious approach where management is concerned about minimizing installation time. The consulting organization usually has well-developed employee communication and training plans to accompany a project. A reputable firm will continue to support an installation until problems are solved, and the customer is satisfied. The minimization of problems can compensate for contract costs.

Then there are the disadvantages. To begin with, the cost is usually high. Moreover, consulting firms tend to specialize in one approach and methodology that they have adapted and perfected. It may be difficult or expensive to get the consultant to change the standard approach. Finally, a jurisdiction is likely to get itself into trouble when it has neither selection criteria for choosing among competitive bidders for the project nor the ability to write a performance contract appropriate for this type of consulting. It can then end up hiring low-cost, low-competence contractors over whom it has no management process and progress controls.

## **FACTOR-POINT METHODOLOGY: A PROCEDURAL EXAMPLE**

This section is designed to provide a nuts-and-bolts illustration of how a factor-point system might be developed and installed. Irrespective of which of the three alternatives is chosen to implement a project, it is important for management to grasp the fundamental steps described here. The use of job evaluation in compensation system design and allocation of positions to pay ranges is discussed in Chapter Twenty-Six.

### Step 1: Select Evaluation Factors

Unless you believe that unique evaluation factors are required, you will probably want to adopt commonly used ones. In any case, factors are defined so that a person describing his or her position with them will understand what is meant. Factors are usually described in terms of levels or degrees. Exact level descriptions can be distilled from PDQ data, as discussed later in this procedure, or can be prepositioned in the PDQ under each factor and then summarized for degree statements in guide charts.

The following are commonly used factors:

1. *Job requirements*, stated as various areas of knowledge, skills, and abilities. Knowledge, skills, and abilities vary in type and depth required to perform the work—basic skills, for example, are needed to perform a single task, but skills can be honed through several levels to high degrees of expertise.

2. *Complexity and creativity*, stated as complexity of analysis, independent thought, resourcefulness, and judgment. Again, several levels are used to describe complexity and creativity, from minimal abilities to high degrees of creative thought, judgment, and the like.

3. *Leadership and management abilities*, stated as planning, directing, and integrating the work of others. These factors, too, are scaled from no direction provided to others to setting the direction of the mission, goals, and objectives for an entire independent organization.

4. *Communication*. Here evaluation is concerned with the functions of interpersonal transactions, and degrees may vary from routine factual communication to motivational leadership.

5. *Latitude of authority*, stated as independence and freedom to take action. It can vary from limited freedom to unrestrained decision making in unprecedented situations.

6. *Scope of impact*, stated as the effects of independent decisions or actions. Levels can vary from impact on a small subgroup to impact on an entire independent organization.

7. *Working conditions*. This factor might be subdivided as follows (or these subdivisions might be used as separate factors, depending on the organizational structure of occupations): (a) the *environment* of work (varying from working in a normal office to working with machinery, out of doors, in difficult work spaces, on heights, with risk of injury, and with exposure to such hazards as odors, dust, cold, disease, and so on); (b) the work *schedule* (which might involve travel, shift work, being on call, holiday work, unpredictable schedules, and so on); and (c) the work *demands* (time constraints, productivity demands, need for extended visual concentration, need to handle highly confidential information).

## **Step 2: Design Position Description Questionnaire**

The PDQ must be designed to obtain desired information. Data must be scaled in terms of attributes, such as degrees or levels of importance. Wherever possible, data are gathered in categories and prepositioned formats. Supervisors are allowed space to comment in each section. Specific work examples are provided for each factor. Each task or duty and responsibility statement is rated or scaled for importance (for example, 5 = least important). Each is rated for percentage of the position's time it consumes (100 percent being the time for all tasks). The number of other employees who can perform the task is indicated, as is whether the person must be an expert in the task. Finally, as mentioned earlier, tasks must be rated for whether or not they are essential, in accord with the ADA. The performance of an essential task is inherent in the nature of the position (for example, driving an automobile is essential to working as a highway patrol officer).

## **Step 3: Train Staff and Administer PDQs**

Whoever is to administer and certify the accuracy of data must be trained. If human resource staff exist, they might be trained as trainers who will later instruct managers and line personnel.

After PDQs have been completed, reviewed, and signed by both employees and supervisors, they are reviewed for completeness, clarity, and consistency of data by central staff. Human resource department personnel might be trained to do this also. Completeness and clarity of data are self-evident; consistency means that factorial ratings make sense in terms of task data. For example, task statements that document decision making based on application of programmed rules probably do not adequately describe tasks that involve complex analysis and judgment. Problem cases are followed up with interviews. PDQs are prepared by or for all employees.

## **Step 4: Decide on Subsystems and Benchmark Positions**

The purpose of subsystems is to inhibit the phenomenon of grade and class creep, as previously defined. Limiting the number of levels of an occupational specialty to four or five also helps thwart grade escalation. Further, analysis is facilitated because a common set of factors is relevant in each subsystem. A review of PDQs will suggest a provisional set of subsystems, such as managers and supervisors, professionals, administrative and higher positions, protective positions, clerical and office operation personnel, trades and crafts positions, and perhaps semiskilled and unskilled personnel. Ultimately, the number of personnel, differentiated into occupational specialties that might fall into combinations of these categories, help determine the subsystems.

Once the definitional decision has been made on subsystems, benchmark positions are selected for each subset, using the criteria described previously in discussing components of a job evaluation system. Draft position descriptions are prepared for benchmarks using this format: title, narrative statement of duties, employee qualifications, description of the position in terms of each factor. Duties or task statements are written in *functional job language*. Each statement includes an action verb, object, objective, perhaps standards or guides for performance, and any tools or equipment needed (see Exhibit 25.2).

### Step 5: Prepare Guide Charts

Assemble advisory groups, each group consisting of individuals who are familiar with the positions in a particular subsystem. Each advisory group ranks all benchmark positions for each subsystem factor by factor, using the technique of paired comparisons or some other multiple-attribute-ranking algorithm. In paired comparisons, each benchmark is compared with all others in a matrix. When one benchmark is higher than another on a given factor, a 1 is placed in the interfacing cell. All 1's are totaled for a column or row for a total rank value. Benchmarks with similar scores form clusters. These clusters result in a number of degrees or levels for each factor used in the subsystem.

Degree definitions are written by reviewing and synthesizing benchmark draft position descriptions, cluster by cluster and factor by factor. The scales and level definitions in the PDQs may assist.

Each advisory committee weights the factors by allocating 100 points among the factors in terms of importance. The points given to each factor become the lowest degree for that factor. Higher levels are then arithmetically extrapolated. For example, if a factor is weighted 40 and there are three levels (because there are three clusters of benchmark positions), the factor levels will be 40, 80, and 120. The benchmark positions for each subsystem are evaluated on all factors with the aid of guide charts. Points for all factors are added up and summarized on the final draft of each benchmark position description (see Exhibit 25.2). A sample guide chart is shown in Exhibit 25.3. It covers scope of impact, one of the seven evaluative factors set forth in step 1.

### Step 6: Correlate Total Points with Salary Data

Total point values for benchmark positions are correlated with their salaries. This is done to obtain an average or regression line. It is best to first conduct a salary survey, using the key positions, in order to obtain market data. It is possible that existing salaries may reflect distortions, errors, or rates otherwise at variance with markets. (The subject of conducting market surveys is discussed in Chapter Twenty-Six.) You may want to discard benchmark positions from the analysis when they greatly diverge from the average line. The data plot that results from this analysis also provides the basis for designing salary standardization (also discussed in Chapter Twenty-Six).

**Exhibit 25.2. Sample Job Description.**


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<b>Job title</b>	Policy Analyst–Special Projects
<b>Department</b>	Operational Support and Development, Office of Planning and Budget
<b>Job summary</b>	This position is responsible for providing technical support to the Division Director and other agency staff for a variety of special research projects.

**Major duties:**

- Provides technical research support to the Division Director and other divisional staff for a variety of special projects
- Responds to requests for information from other divisions
- Develops a database of information possessed by different state agencies, including a list of contact persons for obtaining needed data
- Maintains a central library of data for the agency
- Analyzes proposed legislation for policy and financial implications in assigned program areas
- Prepares responses to correspondence directed to the Governor and Director as assigned
- Serves as member of various committees related to assigned program areas or department operations as assigned
- Performs other related duties as assigned

**I. Job Requirements****Knowledge, skills, and abilities required by the position:**

- Knowledge of public administration principles and practices
- Knowledge of state government operations, including legislative and budgetary processes
- Knowledge of state agencies and programs
- Knowledge of agency policies and procedures
- Knowledge of generally accepted government accounting standards
- Knowledge of relevant state and federal laws
- Knowledge of state and national issues and trends within assigned areas of program responsibility
- Skill in mathematics, basic research, and statistical analysis
- Skill in policy analysis
- Skill in oral, written, and interpersonal communication
- Skill in using a personal computer and various spreadsheet and word processing software programs

**Exhibit 25.2. Sample Job Description, Cont'd.****II. Latitude of Authority**

The Division Director assigns work in terms of general instructions. Completed work is reviewed for accuracy and compliance with procedures.

Guidelines include the Official Code of the state, relevant state and federal laws, and agency policies and procedures. These guidelines require judgment, selection, and interpretation in application.

**III. Complexity and Creativity**

This position consists of tasks in basic research and statistical analysis. The need to gather information from a variety of sources and legislative time constraints contribute to the complexity of the work.

**IV. Scope of Impact**

The purpose of this position is to provide technical research support to the division and agency. Successful performance helps ensure the effective and efficient operation of the division and agency.

**V. Communication**

Contacts are typically with coworkers, representatives of agencies, auditors, legislators, and legislative staff members. Contacts are typically to exchange or obtain information, resolve problems, and provide services.

**VI. Working Conditions**

The work is typically performed with the employee sitting at a desk. The employee frequently lifts light objects and uses tools or equipment requiring manual dexterity.

**Work environment** The work is typically performed in an office.

**Leadership and management** None

**ADA Limitations** None

**Minimum qualifications:**

- Knowledge and level of competency commonly associated with the completion of a master's degree in a course of study related to occupational field
- Sufficient experience to understand the basic principles relevant to the major duties of the position: experience of tasks similar to tasks performed by an Associate Policy Analyst or experience of having held a similar position for one or two years

Factor	Point Value	Guide Chart Scale
I	75	C
II	40	J
III	100	T
IV	60	B
V	30	A
VI	0	
Total	305	

**Exhibit 25.3. Sample Guide Chart.****Professional and Administrative Subsystem****Factor IV: Scope of Impact**

Scope of impact covers relationships between the nature of the work and the effects of outputs within and outside the organization.

Degree	Point Value	Factor
1	15	The work involves the performance of specific, routine operations that include a few separate tasks or procedures. The work product or service is required to facilitate the work of others; however, it has little impact beyond the immediate organizational unit or beyond the timely provision of limited services to others.
2	30	The work involves the execution of specific rules, regulations, or procedures and typically comprises a complete segment of an assignment or project of broader scope. The work product or service affects the accuracy, reliability, or acceptability of further processes or services.
3	45	The work involves treating a variety of conventional problems, questions, or situations in conformance with established criteria. The work product or service affects the design or operation of systems, programs, or equipment; the adequacy of such activities as field investigations, testing operations, or research conclusions; or the social, psychological, and economic well-being of persons.
4	60	The work involves establishing criteria; formulating projects; assessing program effectiveness; or investigating or analyzing a variety of unusual conditions, problems, or questions. The work product or service affects a wide range of agency activities, major activities of industrial concerns, or the operation of other agencies.
5	75	The work involves isolating and defining unknown conditions, resolving critical problems, or developing new theories. The work product or service affects the work of other experts, the development of major aspects of administrative or scientific programs or missions, or the well-being of substantial numbers of people.
6	90	The work involves planning, developing, and carrying out vital administrative or scientific programs. The programs are essential to the missions of the agency or affect large numbers of people on a long-term or continuing basis.

### Step 7: Implement the Job Evaluation Plan

It is first necessary to develop manuals and training materials for position description writing and for allocation of positions to the job evaluation plan. If they are not already so, human resource management staff and supervisors must be trained in using the PDQ, writing position descriptions, and classifying positions, unless all or substantial parts of these responsibilities are to be retained by a central personnel agency. The preferred mode is to decentralize this responsibility to human resource personnel in various departments and agencies working closely with operating managers and supervisors.

Managers especially will consider trade-offs between higher- and lower-priced jobs within the total limitations of the personnel budget. For example, work might be redesigned to result in a decrease in the number of professional positions and an increase in technicians. Positions are allocated to the job evaluation plan as follows. For a given position description, the appropriate subsystem is first determined. Then the type of work or occupational series is determined (for example, engineering or accounting). The manager next seeks benchmark position descriptions for this series. For example, if the position being classified is for a civil engineer and if there are civil engineering benchmark position descriptions, they should be compared with the description of the position to be allocated. If the latter corresponds to one of the benchmark descriptions, the manager awards the point values for the benchmark standard. If there is no related benchmark for type of work or there is considerable variance from a related standard, guide charts should be consulted. A combination of guide charts and benchmark descriptions may facilitate allocation through successive approximations of some factors.

## CONCLUSION

This chapter has familiarized you with job evaluation systems, including their evolution, importance, development, and uses. It should have imparted sufficient understanding to be a critical consumer of such systems and to judge organizational requirements for job evaluation. Sufficient information has been presented to lay the groundwork for development of a system.

The question remains, Is there a best job evaluation system? My preference is for broadbanding, under which maximum discretion and flexibility to manage are possible. An absence of resources and money may make broadbanding impractical for many organizations. However, the most fundamental requirement for this approach to work is an organizational human relations climate with a high degree of trust between management and the rest of the workforce. Highly adversarial labor-management relations create environments that are unlikely to support broadbanding, simplified job evaluation, and maximum management discretion.



Beyond the purely instrumental relationship between job evaluation and compensation, choice of a system might be governed by still other factors of organizational climate, especially the present and desired level of managers' authority to make human resource management decisions; the authority of employees, as individuals and in groups, to self-manage; and the degree of freedom permitted or restricted by the political leadership of the organization to take risks.

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# Designing and Creating an Effective Compensation Plan

Gilbert B. Siegel

Generally, the quality of a pay plan can be judged by criteria such as its internal equity, its competitiveness with outside labor markets, its usefulness to managers, its political acceptability, and its understandability. However, the importance of each of these criteria will vary with the objectives of each pay plan. Accordingly, this chapter begins with a consideration of compensation objectives.

Pay systems are also highly instrumental in personnel recruitment, retention, and motivation. Thus another important topic in this chapter is the relationship between compensation and performance, and several variations on individual and group merit pay systems are discussed. The latter part of this chapter is devoted to a step-by-step discussion of constructing and maintaining an effective salary structure, bringing together objectives, structural alternatives, and pay administration policies.

## OBJECTIVES: WHAT DO WE PAY FOR?

The objectives that governments seek in their compensation systems, and thus what they pay for, have been varied since the nineteenth-century civil service reforms were initiated. This is beyond the obvious fact that people who can do the work are needed and must be paid at some level of compensation using

some system. Most of the dynamics of change in objectives have resulted from the social, political, and economic developments of the period. Other changes in objectives were in the nature of unanticipated consequences of policies and decisions. The following are but a few examples of these policies and decisions and their consequences. The use of rate ranges based on job evaluation systems resulted in an emphasis on seniority rather than on other values in salary increments. Difficulties experienced by governments in recruitment, resulting from noncompetitive pay, encouraged consortia of governments to conduct annual salary surveys of competing labor markets. Some employees litigated and won an entitlement to mandatory application of particular formulas in translating survey results to salaries. Job evaluation methodologies, the growth of government unions, and the advent of the Civil Rights movement resulted in comparable worth litigation and adoption by some governments. Comparable worth as the basis for compensation would require a perfect association between job evaluation values, such as points, for all jobs, regardless of mitigating circumstances. Generous fringe benefits, such as for retirement and health insurance, were awarded to employees at the time because they were a low-cost trade-off to higher salaries, but these benefits became unaffordable in later years.

Thus, we will see that objectives in pay systems are many and varied and are a reflection of the dynamics of the environments in which governments operate and the consequences of policies to deal with these dynamics.

## Membership or Seniority

**Traditional Civil Service Pay System.** Objective setting is such a fundamental aspect of management that the need for it often goes without articulation. Sometimes a system has been in use for so long that no one can imagine organizational life without it. Such is the case for traditional civil service compensation systems, based as they have been on position classification, multistep or multiple-rate salary ranges, and seniority pay progression. The objective in this type of system is pay for membership or seniority. The traditional model of civil service personnel administration has relied on merit competition to obtain qualified personnel. Once they are appointed, the idea is to make their employment so attractive that it is difficult for them to leave the service. This objective is supported by various forms of indirect compensation as well, such as generous retirement systems.

Realistically, however, not only have times changed, but most governments can no longer afford seniority-based systems: neither the government revenue nor the political support for such largess is available. Yet costs continue to escalate as a result of the annual increases built into the public employee wage bill. Apart from growth in a public workforce for programmatic reasons, increases in

costs can be attributed to the continuous pay increments required by seniority steps, cost-of-living increases and inflation adjustments, and adaptation to market rates. These upward adjustments result from inherent policies of the system and also from legislation, labor contracts, and the need to maintain competitive salaries.

**Fringe Benefits.** Like the objective of pay for membership, the objective of fringe benefits is to retain the workforce. Like the increases in pay for membership, increases in fringe benefits have driven up the cost of government labor. Public and private organizations are now attempting to retreat from generous fringe benefit entitlements. Nowhere is this better reflected than in health benefits, though retrenchment is also evident in such other entitlements as leave and pensions. Health insurance costs are being controlled through such varied containment strategies as enrolling employees in managed care, requiring employees to share or increase their share of premium costs, introducing or increasing deductibles, requiring employees to share costs of treatment (coinsurance), and adding no new features to plans.

Costs of pension systems have been driven up by the demographic fact that people are living longer. The original actuarial assumptions of plans are therefore often no longer valid. For the same reason, the past generosity of public employers toward retirees can no longer be tolerated. Thirty years ago, during the epoch of government union strength, political officials often agreed to sweetened pension benefits as a trade-off against higher salaries. Today's politicians are living with the consequences of these decisions. Accordingly, as a result of attempts to head off high future costs, it is not uncommon to see multitier systems with benefits based on date of hiring.

Another major adjustment governments are making is to switch pension funding from a defined-benefit to a defined-contribution approach. In government systems, the defined-benefit arrangement is normally financed by periodic monetary allocations from employers and employees, in amounts sufficient to provide determined monthly payouts upon retirement. The amount of these payments is based on a formula involving, for example, an individual's years of employment and the average of his or her three highest years of earnings. Assuming that contributions are made in a timely fashion, pension managers are able to meet liabilities of the system through fund investments and actuarial projections. Problems have arisen when public jurisdictions fall behind in meeting their contributory obligations. Sometimes the government is so far in arrears that the system is transformed from an actuarial reserve to a pay-as-you-go basis of financing in order to meet current obligations to pensioners.

In contrast, the benefit system financed by defined contributions is more like a set of individual retirement accounts (IRAs). As with defined benefits, most governments contribute to employee accounts. The level of the contributions

may or may not have been reduced during a transition between systems. For example, employees under more recent federal retirement plans receive even lower government allocations than employees covered by older entitlement systems. On the positive side, however, employees can increase personal funding with pretax dollars. Without this employee enhancement of funding, estimated retirement payouts are based on assumptions about length of work life, earnings, contributions, and compounded rates of investment return, including reinvestment of interest and other returns. These benefits are usually portable or at least the vested property of the employee. Portability of a pension account is important for the person who has earned minimal entitlements in more than one system but has not remained in one long enough to maximize retirement payouts.

### Equity and Job Value

As discussed in Chapter Twenty-Five, comparability of work and pay has been a sticking point with civil servants since the earliest civil service reforms in this country. In response, the idea of internal organizational *equity* has been implemented as the basis for development of pay scales. Through job evaluation systems, positions are classified into jobs; jobs are given relative hierarchical value, or weighted; and this valuation is reflected in salary ranges to which similarly weighted jobs are allocated. The result is internal organizational equity. Although seemingly felicitous, this concept has some problems, as we will see.

### Market Comparisons and Ability to Pay

As we will see later in this chapter, market surveys, using a group of representative jobs, are of fundamental importance to constructing and maintaining an up-to-date salary structure. Many things depend upon them, beginning with recruitment and the maintenance of a viable workforce. However, how viable does the workforce have to be? For example, could a municipality adjust to somewhat lower-qualified personnel? Might mitigating factors such as the attractiveness of living in the community result in well-qualified persons accepting lower compensation? Do benefits provided compensate for lower direct salary? These are some of the questions that policymakers need to consider in contemplating an ability-to-pay policy in relation to relevant labor markets.

**Market Value.** One problem with a pay system based on job evaluation is that it can be at variance with the market value of some jobs. For example, education and experience requirements for the job of social worker might lead to a range of pay that is higher than what the market will pay. Further, markets for some jobs vary on such dimensions as geography and proximity of work to residence. Labor-management negotiation of salaries, wages, and fringe benefits is a surrogate for the action of market forces. Presumably, both sides are armed with market data preliminary to negotiations.

**Ability to Pay.** Governments sometimes find themselves in the position of being unable to compete for personnel. As a result, ability to pay becomes an unarticulated policy limitation on compensation. This limitation may apply only to certain occupations or be a problem in general. However, few governments have a formal ability-to-pay policy, such as to pay the market rate or 10 percent below or above the market rate. Such policies are more often seen in the private sector.

**Comparable Worth.** *Comparable worth* (sometimes called *gender equity*) refers to pay disparities between occupations, or job classifications, dominated by women and those dominated by men. The debate on this subject was settled by the U.S. Supreme Court in *County of Washington v. Gunther* (452 U.S. 161, 1981). Advocates of comparable worth would like all jobs evaluated as having equal value to be compensated in the same range of pay. Furthermore, they would make job evaluation more uniformly inclusive, requiring a common set of factors and weights for all jobs in an organization, from janitor to highest executive, and would ignore differences in market rates of compensation for occupations otherwise seen as having equal value. However, the Court decided that unless comparable worth is legislated by a jurisdiction or agreed to under labor contract, market data can be considered in setting pay where job value is at variance with market value. This applies to jobs of equal weight that are not essentially the same. Under the Equal Pay Act of 1963, jobs that are basically the same must be compensated in the same pay range.

### Knowledge or Skill

Knowledge or skill is a relatively new compensation objective (Lawler and Ledford, 1985; Gupta, Schweizer, and Jenkins, 1987; Gerson, 1987) that can be added either in job or in team contexts. Pay is for depth (more knowledge or skill in a specialized area), breadth (knowledge or skill that extends upstream, downstream, or parallel to the original job), and height (expansion of management knowledge or skill). Further, pay is for performance capabilities, not necessarily for work performed. This pay objective may be important in situations requiring a cross-trained workforce or workforce flexibility and adaptability. It can be used with a broadband pay system. A given process performed by a team might be represented by a band, or alternatively, several bands could be segments of a still larger process. For positions, each band might consist of several discrete skill or knowledge blocks that would be differentially compensated. If a job's compensation needed to be compared to market rates, the block with the highest aggregation of skill and knowledge would be compared to market. This compensation objective, with or without broadbanding, appears to be an alternative suitable for Total Quality Management and Continuous Quality Improvement (TQM-CQI) situations.

## Performance, Achievement, or Merit

*Performance, achievement, and merit* are synonymous in compensation systems based on outputs or outcomes. Reward is for specified objectives achieved in quantitative or qualitative terms. Two types of such systems are distinct but share the reward-for-achievement attribute: individual performance and group performance systems.

**Individual Merit Pay.** The longest government experience with individual merit pay has been in the federal government, where this form of pay was first authorized under a demonstration project of the Civil Service Reform Act of 1978. The experiment, carried out in Navy research and development laboratories, was a success but occurred as part of a more comprehensive change in personnel management practices (Naval Ocean Systems Center, 1979). Initiation of the practice throughout the federal government has proved less of a success.

The following general introduction to merit pay will be helpful before we look at actual government experience in more detail. An objective of paying for individual merit is ideally suited for a broadbanding pay system because it is less restricted than other objectives by traditional pay range limitations and its emphasis on personal rank allows greater flexibility in personnel management. As noted in Chapter Twenty-Five, broadbanding systems are not for all situations because they require fundamental changes in the management culture, including empowerment of managers in areas of personnel management, performance measurement, and deviation from the ethos of equal pay for equal work as it has been generally interpreted. Nevertheless, the federal government is pushing ahead with broadbanding at the urging of authoritative voices such as the General Accounting Office (“GAO Recommends Use of Broadbanding,” 2003) and the National Commission on Public Service (“National Commission on Public Service,” 2003). Further, the Department of Defense, in its quest for uniformity, may institute a uniform broadbanding system for its entire civilian work force (Friel, 1998).

**Group Performance Systems.** Although several group performance and reward systems are used in the private sector, this chapter primarily considers *gain-sharing* and *goalsharing* (also called *winsharing*) (Bullock and Lawler, 1984; Schuster and Zingheim, 1992) because these are the most feasible for government organizations. These are group bonus plans in which monetary savings from improved performance are shared between the organization and employees of the better-performing unit.

Under gainsharing, standard hours of direct labor in each unit of output are measured and compared with historically based long-term standard performance levels. Payouts are based on the value of productivity improvement. A

variation is to use baseline work measurement standards based on current performance as performance criteria. The leading experience with gainsharing in government was the Air Force's Pacer Share Project, carried out by the Directorate of Distribution of the Sacramento Air Logistics Center at McClelland Air Force Base in California (Siegel, 1994; Schay, 1993, 1995). Pacer Share was another demonstration project under the Civil Service Reform Act. A TQM-CQI intervention, it principally involved technical improvement of work processes, reductions in force, an extended period of negotiations with unions prior to project implementation, broadbands based on consolidation of pay grades, work allocated to six process categories based on contributions to common outputs, elimination of individual performance appraisal (the idea being that quality measurement for workgroups would substitute), pay levels adjusted automatically for federal government-changed rates reflecting cost-of-living increases (comparability), and extensive TQM-CQI training. Productivity bonuses were distributed for beating baseline labor distributions relative to outputs—half to the federal government and half in equal shares to each worker.

In contrast is goalsharing, which is forward-looking and bases payouts on group performance compared to predetermined goals, often with a quality modifier. Current productivity against previous standards may be measured as well. Payouts may be allocated as a percentage of base salary or as the same percentage of the market rate. This system might be combined with pay for membership or to compete with market rates, or it might be the sole basis for compensation. It requires a compensation infrastructure for determining goals and payouts and accounting systems that track contributions to organizational performance. A simpler version of a goalsharing system might be applied in the public service through management-determined or collectively negotiated goals.

## **MULTIPLE PAY SYSTEMS AND MULTIPLE OBJECTIVES**

It is not likely that a public organization will have only one or few compensation objectives in the future. A current of environmental change is requiring governments to rethink traditional compensation systems that have rewarded mainly membership in multiple ways. Some of these important environmental changes are the reduction of government revenues; the introduction of reengineering and downsizing; and the flattening of organizations, accompanied by a recasting of vertically progressing careers to horizontally progressing careers requiring multiple roles, constant learning, and change.

This is not to argue that membership is to be avoided completely; it remains a factor in both workforce retention and the constant process of weeding out low performers. But in designing and creating a compensation plan, it is important to have in mind for what and how you are paying the workforce. Mem-



bership can be a reasonable objective because it promotes maintenance of the workforce, and perhaps fringe benefits are the best way to achieve this particular goal. Sensitivity to market changes in compensation is another way to prevent extensive turnover. What is important is not to emphasize or reward only membership.

However, if managers are to take compensation cost containment seriously, the annual-increase effects of multistep pay ranges need to be curtailed. Whether merit pay is to be applied or not, it is possible to use a system of flat rates or no more than two rates for each range (say, entry and fully competent levels); or the ranges themselves might be entry, journey, senior, and expert or supervisor. Salary adjustments other than for promotion would then be based on performance or market rates, perhaps conditioned by the jurisdiction's ability to pay or by collective bargaining. A bonus system might be introduced for the part of compensation that is performance-based pay. Bonuses do not add to base salary and must be earned anew during each appraisal period.

## PROBLEMS OF PERFORMANCE-BASED SYSTEMS

I have so far described a series of objectives and systems through which it is possible to produce and maintain a high-performing, flexible, and adaptive workforce. However, what may be a viable system for some employees may not be effective for all. Most of all, how systems are implemented is of critical importance. For these reasons, problems with performance-based systems need to be discussed.

### Individual Merit Pay

An important compound question is, Would government employees work harder and achieve more for higher compensation? The data are definitely mixed on this question. The answer also seems to evolve as contexts of government employment and economic and political environments change. On the one hand, data from the 1980s for some federal employees suggest that employees would not work harder for more money. What they feel to be important are coworkers, future pensions, and workplace comforts (Pearce and Perry, 1983). These may be the things that attracted them to federal employment in the first place. As recently as 1990, the Merit Systems Protection Board reported that 72 percent of federal supervisors felt that part of their pay should be based on performance, but only 42 percent would choose to be under a merit pay system. Only 38 percent of federal employees in general felt that pay is related to how well you perform (Schay, 1995). Other researchers (Raine, 1983; Raine, Traut, and Blunt, 1986) came to the conclusion that state and local government employees have lower expectations for pay-for-performance links than comparative private

sector groups do. Rainey's 1983 study also revealed the correlation of weak expectancies with organizational constraints on pay for performance.

On the other hand, experiments by the Navy and the National Institute of Standards and Technology (NIST) have shown positive attitudinal findings, such as employee perceptions that raises were linked to performance, that high performers stayed and low performers left the organization, and that individuals were satisfied with pay (Schay, 1995). Both of the experimental units involved are science and engineering organizations that were granted authority to significantly alter their personnel systems to support high-performance environments. Further, they did not commit many of the merit pay system implementation and administration errors that plagued first efforts at merit pay for managers and supervisors at General Schedule (GS) levels 13 to 15 and superior-grade managers in the federal government: abrupt changes in agreed levels of rewards (Silverman, 1982); lack of training in performance appraisal (General Accounting Office, 1984); lack of follow-through when planned performance objectives were no longer viable (Perry, Petrakis, and Miller, 1989); pursuit of planned objectives resulting in neglect of other duties (Pagano, 1985); use of a pay pool system of competing for rewards that did not work well (Pagano, 1985; General Accounting Office, 1983); insignificant amounts of money available for rewards (Harron, 1981; Pagano, 1985; Silverman, 1982); creation of individual performance contracts, resulting in divisiveness when coordination and interaction were required (Pagano, 1985); use of evaluation based on nonplanned objectives (General Accounting Office, 1984; Sauter, 1981); and general perception of favoritism in reward allocation (General Accounting Office, 1983).

In general, it can be concluded that individual merit pay can work well where certain conditions are met; conversely, their absence can result in failure. Desired achievements to be rewarded must be within the ability of the individual to carry out. Tasks or functions of positions so compensated should be ones for which the individual controls the pace of work and its achievement rather than being highly dependent on others. Superiors and subordinates must be trained in the process of setting performance objectives (unless studied performance measurement systems already in place can be the basis of assessment). Performance objectives should be meaningful; they should reflect the current state of the art of the particular function involved. Undesired behaviors prompted by the setting and rewarding of specific objectives must be anticipated and circumscribed (for example, a concentration on rewarded objectives to the neglect of objectives that are not objects of special reward). The reward must be valued by the person who is to perform. The person must be able and willing to perform. Performance should be monitored and compared with plans; in other words, there must be feedback and evaluation. At this point, questions may arise from the previous steps. Were any of the conditions changed in the process? Were either rewards or outcomes imprecisely or insufficiently identified? Finally, is the entire process worthwhile in cost-effectiveness or cost-benefit terms for

the individual and for the organization? (Siegel, 1989). The requirements of individual merit pay are onerous if carried out continually by superiors and subordinates. As discussed, considerable investment in infrastructure such as training is needed; so is a commitment to large amounts of time for goal setting, reviewing, evaluating, and rewarding.

Skill-based pay is a special case of individual merit pay for which the research evidence is different. As of 1992, Schuster and Zingheim could find no evidence that organizations get direct financial gain from skill-based pay. However, other positive effects were discovered in a U.S. Department of Labor survey (Bureau of Labor-Management Relations and Cooperative Programs, 1986). Most organizations with skill-based pay improved workforce flexibility; improved employee satisfaction, commitment, and motivation; and increased output per hour worked. About half reduced labor costs and layoffs. Somewhat fewer reduced absenteeism and voluntary turnover. However, there were also disadvantages: costs increased as employees learned more skills, training and administrative costs increased, complex record keeping on individual certification and pay was required, and continual skill proficiency assessment presented problems.

Also, the lessons from limited government experience with skill-based pay add potential sources of system failure (Thompson and Le Hew, 2000; Shareef, 1998, 2002). These potential problem areas include possible environmental contingencies such as system installation and early operation in the midst of organizational crises and performance pressures; untoward actions by various actors such as stakeholders, unions, and elected officials; inherent weaknesses in design features of a plan; lack of availability of training opportunities; poor pay plan implementation; and inhibitive workforce characteristics and management practices and attitudes.

### Group Merit Pay

Growing numbers of private sector organizations are embracing forms of team-based pay (“What’s the Best Incentive for Employees?” 1992; “Companies Shift (Slowly) to Team-Based Pay,” 1995). Bullock and Lawler (1984), in a study of thirty-three gainsharing programs, concluded that most resulted in improvements in such areas as productivity, quality, customer service, and reduced costs, accompanied by improvements in morale, attitudes, and quality of work life. However, they cautioned that relatively unchanging organizations are needed for such success, with no new technology introduced, flat learning curves (so that managers can set standards from historical data), little capital investment planned, little use of overtime, high levels of trust, a largely nonunion workforce, a highly participative management style, and stable product lines.

Results from the Air Force’s Pacer Share Project are mixed and raise more questions than they answer (Schay, 1993, 1995; Siegel, 1994). Although there were fewer grievances and the work climate improved, productivity did not increase relative to baseline data and in comparison with control groups. There

was dissatisfaction with the connection between job performance and compensation and with opportunities for advancement. Quality measurement did not satisfactorily substitute for individual performance appraisal. Schay's interpretation was that "elimination of performance appraisal resulted in weakening of the pay-performance link" (1993, p. 663), the line of sight that should exist between the individual's work, achievement, and ultimately, reward.

Some type of group bonus system is needed for TQM-CQI to work. It is possible to attain flexible, self-controlled work groups where employees work harder and smarter. However, the organizational climate must support cooperation and employee empowerment. Work groups do not function in highly competitive, individualistic cultures. As mentioned, a line-of-sight problem between work and reward may be unavoidable in any case. Some innovation, such as 360-degree performance evaluation (in which superiors, subordinates, and peers all evaluate each other), may alleviate this problem.

## **HOW TO CONSTRUCT AND MAINTAIN AN EFFECTIVE SALARY STRUCTURE**

We now turn to a step-by-step approach to constructing and maintaining salary standardization, along with a discussion of design alternatives. The basic issues are design structure and policies and the administration of pay. Both relate to the compensation objectives previously discussed.

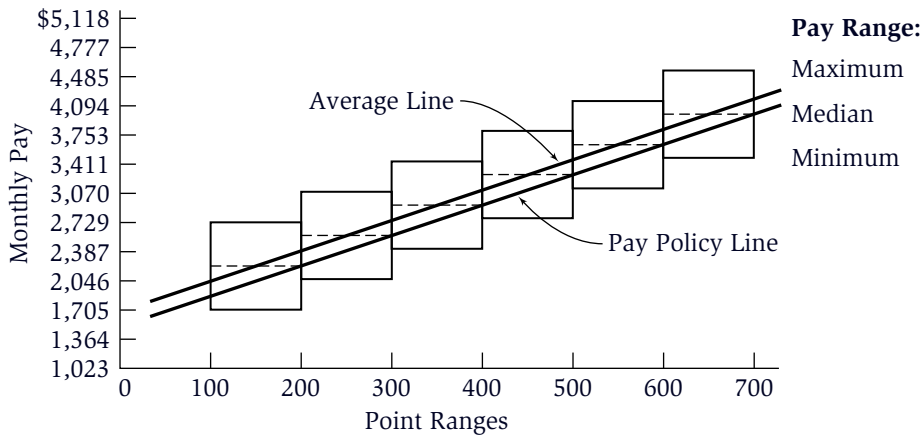
### **Step 1: Design Pay Ranges**

As explained in Chapter Twenty-Five, point values for benchmark positions derived from job evaluation (using a factor-point system) must be correlated with the pay rates for these positions. It is a good idea to go to the marketplace for these pay rates rather than to use the organization's internal rates. In addition, the correlation should produce a tight cluster of values around the average. Values that vary significantly should probably be removed from the analysis because they distort the average. (Market surveying of benchmarks is discussed later in this chapter.)

Figure 26.1 illustrates one model of pay range design. Focusing for the moment on the two diagonal lines, it can be seen that one represents averages derived from correlating pay medians with job evaluation point values for benchmark positions. The other represents the pay policy line, which in this case is below market. (Remember from the discussion on ability to pay earlier in this chapter that the organization may set a policy on what it will pay relative to market.)

Once the average line is available, a worksheet can be provided for trying out different pay range designs. Various point ranges on the *x* axis can be tested against ranges of pay on the *y* axis for pay periods of the jobs in the system. Most managerial, professional, clerical, and technical support jobs are compen-

Figure 26.1. Constructing Pay Ranges.



*Pay range:* Job A is worth 200 job evaluation points. It is allocated to range 2, which is 200 to 300 points. Range 2 is \$2,046 to \$3,070 per month.

sated on a monthly basis (the pay period used in Figure 26.1), and blue-collar jobs are often paid hourly rates. It can be seen that the ranges in Figure 26.1 (indicated by the boxes) are linear. They also have a constant overlap of about one-third as they increase in points and dollars.

Once the pattern of ranges is designed, the pay ranges of the y axis are converted to tabular form, and the compensation levels available in each range are based on the organization's policy on how employees will progress in the range: for example, step rates might be used (administration of pay within ranges is addressed further later). The point ranges on the x axis then become the guide for allocating positions (which have been previously job-evaluated) to pay ranges, as the pay range example in Figure 26.1 illustrates.

Many pay range designs are possible, each with potential implications for pay policy or administration. For example, ranges may touch only at corner points as they ascend. This emphasizes a structure of flat rates without overlap in points or dollars. Overlap in pay ranges gives management the flexibility to reassign personnel to jobs allocated to neighboring ranges without having to increase or decrease pay. A corner point design might be the result of negotiated flat rates, particularly for craft jobs, where pay rates are considered to be separate for each craft.

Another design arrays the ranges on a positively inflected curve rather than a straight line. This, with no changes in the rest of the design features, means that higher-compensated jobs begin at the point of upward inflection of the curve. The widths of the point ranges, however, remain constant, as do the widths of pay ranges. This outcome might occur when too broad a spectrum of

jobs is encompassed by the job evaluation and pay plans, as when pay standardization covers all organizational jobs rather than separate subsystems.

Yet another design is positively curvilinear but with diminishing job evaluation points and higher levels of pay as the curve ascends. Here management wants to be less bound by job evaluation criteria and to be free to award increased pay for the higher-level jobs.

What would a broadband design look like? Assume that the graph is for jobs in a career progression, such as office clerical and technical personnel. Each box on the graph then represents career progression for a job, with the possibility of movement to other boxes on the plot for designated jobs. However, pay range widths would be exaggerated, usually in excess of 100 percent (that is, maximum pay minus minimum pay, the result expressed as a percentage of the minimum). This design allows the personal rank concept to be applied to individual positions.

## Step 2: Conduct a Pay Survey

Even though job evaluations represent the organization's value system for its jobs, the organization must still consider market rates in order to compete in recruiting, to adjust its pay policy relative to market rates, and to adjust its pay standardization to market averages. This last purpose is also important for adjusting pay levels to reflect inflation in the general economy. Several Department of Labor indexes might be used to determine increases in cost of living, but they are based on selected purchases and subject to statistical artifacts, such as variations in the significance of the cost changes of the purchases and variations in the importance of the purchases as indicators. Better is to use average market rates for benchmark jobs, because these rates reflect both market adjustment to inflation and occupational supply and demand effects.

Survey data from other organizations might be relied on solely or for comparative purposes. Various professional organizations do national surveys of their occupational specialties, as do consulting companies, the Bureau of Labor Statistics, and several state agencies. Of course, comparability of benchmarks must be considered. Fundamental for an organization conducting its own survey are accurate job descriptions, particularly for benchmark jobs. As discussed under job evaluation, if the organization does not have a quantitatively based job evaluation system, it must develop one if it is to survey the market and design salary standardizations.

The geographical area to be surveyed will vary from job to job, depending on the occupational specialty and the community of recruitment. For example, a small or medium-sized city in a metropolitan area may survey only similar cities and local businesses for data on common clerical jobs. This is because many of these jobs are filled by secondary wage earners who prefer to work close to home. Many blue-collar jobs are filled locally as well. Even some professionals are attracted to a limited commuting distance and may be willing to

trade off some salary for it. However, markets for most managers and professionals are at least regional, usually national, and even international in some cases. Because of the extensive spread and size of its workforce, the federal government has developed rate adjustments for various metropolitan areas to supplement its General Schedule system. Whatever the geographical extent of the survey, mainly public and private employers from organizations of comparable size should be surveyed. Other nonprofit organizations should be included where there are relevant specializations, such as social and health services jobs.

Optimally, data should be gathered by questionnaires that are followed up with visits or telephone conversations. For every job reported by an employer, the following minimum pay data should be gathered: the number of employees with the job title, their average rate of pay, and the number of hours in their workweek. Compensation should be summarized by job surveyed to show the following (in separate lines for each employer and listed in columns): the date of the survey, number of employees in the class or job, number of hours in workweeks, and average pay of employees (converted to the same period for all employees). For each job or class, the surveyor should then compute the totals for employers, employees, and hours in the workweek; the average workweek per employer; and weighted average pay (number of employees times average pay divided by total number of employees).

### Step 3: Gather Fringe Benefit Data

If possible, data on fringe benefits and perquisites should be gathered in the salary survey, and these rewards should be subtracted from salary and wage data. *Perquisites* (*perks*) differ from *fringes*, theoretically, in that they are allocated to particular jobs, services, or organizational levels as a requirement for proper functioning rather than as a form of compensation.

Because benefits often vary with the characteristics of employees (for instance, with age, salary, seniority, or marital status), it is important to be able to categorize data according to both the number of employees to whom the benefit applies and the differences in rates or amounts. Typical fringes and perquisites for which pay year costs should be gathered include the following:

- Paid holidays (number)
- Severance pay per employee
- Paid vacation (number of days)
- Paid sick leave (number of days)
- Bonuses per employee
- Other leave (number of days)
- Profit sharing per employee
- Social Security benefits per employee
- Special allowances (food, clothing) per employee



- Pension cost per employee
- Life insurance per employee
- Health insurance per employee
- Automobile allowance or use of vehicles per employee
- Unemployment benefits per employee
- On-the-clock nonproductive time per employee (for example, transit time to and from the job)

It can be argued that this list of fringes is too detailed and perhaps not all items are worth the survey effort. Items that might be questioned are severance pay, bonuses, profit sharing, special allowances, and transit time. The answer to this argument is that it depends on how comparable a database is desired. These items are typical hidden forms of compensation, and *total compensation* implies all forms of monetary equivalents. The feasibility of surveying them must be decided by the comparing organization.

One approach to summarizing fringes is to develop a standardized cost under which costs for each benefit are computed, based on prototypical groups of the organization's employees. These groups are assembled to reflect combinations of variables, such as seniority and marital status, that represent the statistical variance in the employee population.

Finally, it is important for actors such as labor-management negotiators, compensation staff, and policymakers to be informed on total compensation—fringes plus direct pay—inasmuch as controversial public and private sector comparisons are frequently made. Informed deliberation on pay policy should stem from total compensation data.

#### Step 4: Compute a Pay Line

Community job average rates must be regressed (points  $\times$  dollars) to determine an average line of best fit. The shape of this line is usually curvilinear, rising more steeply at the upper end. Several regression formulas may have to be tried for best fit.

Given an existing pay plan, the current median of each range is adjusted for the new average line for all benchmarks. Thus the midpoint of each salary range will correspond to the intersection of median job evaluation points of the range and average data at that point from surveyed benchmarks. The new median ranges are then extrapolated to the extremes of each range. If there are steps or rates in the ranges, the structure of the standardization governs adjustments between bottom and top values of each range. The new medians of each range are, accordingly, the overall averages from the market survey. It is here that a policy to pay above or below the market may be applied. For example, if the policy is to pay 10 percent below market, the midpoint and extremes of each range are adjusted downward by 10 percent.



### Step 5: Administrate Pay Within Ranges

This is the area where grade range design and compensation objectives come together. Exhibit 26.1 describes a few examples of ranges, which will be related to objectives.

Exhibit 26.1. Five Examples of Salary Range Alternatives.

#### Example 1. Integrated Six-Step, Monthly Salaries

Grade	1	2	3	4	5	6
14	1,915	2,011	2,112	2,218	2,329	2,445
15	2,011	2,112	2,218	2,329	2,445	2,567
16	2,112	2,218	2,329	2,445	2,567	2,695

#### Example 2. Flat Rate, Nonintegrated Nine Steps, Monthly Salaries

Grade	1	2	3	4	5	6	7	8	9	Increment
14	1,937	2,029	2,121	2,213	2,305	2,397	2,489	2,581	2,673	92
15	2,050	2,147	2,244	2,341	2,438	2,535	2,632	2,729	2,826	97
16	2,163	2,266	2,369	2,472	2,575	2,678	2,781	2,884	2,987	103

#### Example 3. Two-Step Flat Rate, Annual Salaries

Grade	Entrance Step	Competent Step
14	58,140	61,200
15	61,560	64,800
16	64,980	68,400

#### Example 4. Broadband, Annual Salaries

\$26,000	Career	\$60,000
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Market = \$32,000

\$26,000 | \$40,000 | ← Broadband

| → Jones (assistant chemical engineer)

#### Example 5. Pay for Knowledge or Skill (K/S), Monthly Salaries

Entry Minimum K/S	25 Percent of Team K/S	66 Percent of Team K/S	100 Percent of Team K/S
2,000	2,500	3,320	4,000

**Variables.** Aside from the issues of the total size of the salary standardization and whether it is for subsystems or the entire organization, there are several variables that characterize salary schedule alternatives: the number of steps in ranges, the nature of difference between steps and between ranges (percentage difference, constant percentage difference, constant dollar amount difference, whether ranges overlap or are flat rates, and width of ranges), and the compensation objective.

Some objectives work well with some designs and not with others. For instance, examples 1 and 2 in Exhibit 26.1 are not good designs under a pay-for-individual-performance policy. Award of step increments could be made contingent on performance, but how can individuals at the top step of the range be rewarded? More important, the performance obtained may not be worth the size of the step increment that would have to be awarded.

**Traditional Pay System.** Examples 1 and 2 in Exhibit 26.1 are the traditional systems that reward membership in the organization. The employee marches through the steps in each range, mainly based on time. Step 1 is usually the entry level, followed by a second step after the employee completes the probationary period. Other steps are generally time-phased for different periods. If the standardization is not adjusted for changes in the market and inflation, the individual does not achieve compensation above range values. Usually, without such adjustment, pay will be limited to the top step of the range unless the person is promoted or the job is reclassified.

Example 1 is known as an *integrated system* because of its constant percentage differences between maximum and minimum rates in ranges (width of nearly 28 percent), between steps in ranges (5 percent), and between ranges (about 5 percent). Constant percentages and repetition of rates provide the basis for integration. Look diagonally up or down rates in ranges for repetition. Rate repetition provides an extension of the range overlap previously discussed. The design illustrated by example 1 has traditionally been used in small governments.

Example 2 has typically been used in large governments, where the great variety of occupations makes rate integration difficult. It is characterized by a flat-rate system with constant dollar amounts (not percentages) between steps in a range and increasing dollar amounts between ranges. Such systems sometimes use grade allocation criteria that are separate from those of the job evaluation plan for various levels of difficulty and responsibility.

**Merit Pay.** Example 3 eliminates multiple-step rates in ranges, except for a probationary step. Traditionally, this type of standardization has been associated with negotiated blue-collar rates. However, it can have great utility for compensating other employees in view of the trend toward government cost conservation. Its virtue is that it eliminates the annual-increase effects of multiple steps, exacerbated by cost-of-living and market adjustments.

Example 3 also provides the greatest potential for managerial flexibility with individual pay for performance. The ultimate in cost conservation and individual merit pay is this flat-rate system, with rates increased only by market change and ability to pay and with performance rewarded through a bonus system. The jurisdiction that really wants to squeeze its workforce for performance might also make market change adjustments contingent on performance. Because bonuses do not increase base salary and must be earned from scratch, bonus systems also make sense in pay-for-group-performance systems as well (such as goalsharing and gainsharing).

**Sizing Merit Increments.** A system of individual merit pay requires criteria for bridging performance appraisal to reward increments. The Navy demonstration project uses five performance appraisal thresholds for merit pay awards—two levels above and two below the level of “fully successful” (recall that the Navy and emerging federal government systems have collapsed multiple GS pay grade levels into pay bands). Fully successful performance is awarded *comparability*. Comparability is essentially the federal government’s estimate of a national cost-of-living change, adjusted for political reality. Performance above fully successful is rewarded with comparability plus multiples of the salary increment for each pay level. One level below fully successful, comparability is halved, and two levels below it, zero is awarded.

Example 4, a broadbanding example, shows Jones, an assistant chemical engineer, placed at the market rate of \$32,000, the center or median of a broadband. This band covers a career and spans a range of 131 percent. Private sector applications use market rates as the basis for increasing or decreasing compensation for performance or competency growth (Hofrichter, 1993). This action suggests that pay for knowledge or skill, as well as for individual performance, can be accommodated with a broadbanding system. Market rate at the time the individual is appointed is the median of the band around which high and low percentiles are set. Pay is increased or decreased for performance or competency growth in percentile levels, just as the Navy system uses compressed GS grades. Individuals with exceptional qualifications might be initially appointed above the median.

Example 5 is a variation on broadbands in a pay-for-knowledge or pay-for-skill system that rewards the acquisition of team competencies.

## CONCLUSION

This chapter has explained why management needs to decide on compensation objectives and how those objectives can in turn be translated into action through pay system structure and administration policies. It should also be clear that these various combinations have advantages and disadvantages. Further,

the need for a job evaluation system and market survey data should be apparent. Finally, an understanding of the concept of total compensation (direct pay and fringe benefits) is fundamental. Although pay standardization and policies establish the direct pay, the fringe benefits must also be understood as important parts of any plan, albeit possibly for different objectives.

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# TOOLS FOR INTEGRATING HUMAN RESOURCES INTO THE ORGANIZATIONAL MISSION

*To align HR programs and processes with mission goals and results,  
HR managers must serve as a strategic partner with management.*  
—National Academy of Public Administration, *Strategies and Alternatives  
for Transforming Human Resources Management\**

This section provides the human resource manager with tools he or she can use to become more involved in the overall management of public organizations. David N. Ammons begins the discussion of these essential managerial tools with Chapter Twenty-Seven, “Benchmarking Performance.” Ammons defines benchmarking as simply “learning from the pros” and explains how methods such as performance measurement, performance standards, and process flowcharting can help government organizations measure their performance and set goals for overall performance improvement. Using numerous examples from state and local governments across the United States, Ammons discusses the practical applicability of benchmarks and benchmarking.

Roger G. Brown and Mary Maureen Brown continue the managerial theme in Chapter Twenty-Eight, “Strategic Planning for Human Resource Managers.” After sketching an overview of strategic planning and its relationship to human resource management, they discuss various strategic planning methodologies and present an extensive step-by-step example for conducting a strategic planning exercise in a government setting.

In Chapter Twenty-Nine, “A Guide to Practical Human Resource Research,” Gary E. Roberts helps prepare the human resource professional to step beyond

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\*National Academy of Public Administration. *Strategies and Alternatives for Transforming Human Resources Management*. Washington, D.C.: National Academy of Public Administration, 1995.

the bounds of the traditional HRM role and to become a critical partner in assessing overall organizational performance attitudes and climate. Roberts presents a thorough analysis, discussing various human resource management research techniques. He also gives specific instructions and examples for developing, administering, and analyzing an employee attitude survey, an ethics audit, a focus group session, and a return on investment (ROI) analysis. The chapter concludes with an excellent example of an employee attitude survey that can be used in a variety of organizational settings.

Glenn W. Rainey Jr. presents another key managerial tool in Chapter Thirty, "Human Resource Consultants and Outsourcing: Focusing on Local Government." Since the use of consultants in government organizations has increased steadily, Rainey relates practical insights for employing them effectively. He focuses on municipal organizations in cities with populations of less than one hundred thousand because these organizations typically lack the internal staff expertise to conduct major human resource management studies and are therefore more likely than many other agencies to use human resource consulting services. In addition to discussing the use of consultants for particular tasks, Rainey presents methods for selecting and comparatively analyzing consultants. In-depth interviews with practicing human resource managers reveal the pitfalls of choosing the wrong consultant, but Rainey also offers success stories from organizations that have hired consultants to conduct training programs, provide professionally validated assessment centers, assess differing benefit packages, and conduct classification and compensation studies.

N. Joseph Cayer continues with Chapter Thirty-One, "Employee Benefits: From Health Care to Pensions." Cayer notes the increasing importance of benefit packages in attracting and retaining employees, observing that although "referred to as fringe benefits in the past, benefits now represent a central part of compensation systems." He states that "contemporary approaches provide benefits that change with employees' life cycles, addressing employees' differing needs as they move through educational opportunities, parenting, and retirement." Cayer thoroughly discusses the various types of mandatory and discretionary benefits afforded to public employees and also addresses how organizations can contain costs yet still strive to offer an attractive benefits plan to employees.

Douglas J. Watson and Catherine C. Reese conclude Part Six with Chapter Thirty-Two, "The Role of Human Resource Professionals in the Budgeting Process." They provide instruction to the human resource manager in how to become an integral influence in organizational budget forecasting, preparation, and execution. Throughout they present specific examples from various government organizations to drive home the relevance of human resource management to the budgetary process.



All the chapters in Part Six seek to expand and enrich the role of human resource management in public organizations. Although not neglecting traditional HRM roles in employee development, recruitment, selection, and the like, these chapters outline new avenues that human resource managers may take to secure their future in the complex public-sector environment.





# Benchmarking Performance

David N. Ammons

When public sector managers declare that their organizations are engaged in *benchmarking*, only occasionally do they refer to the systematic, rigorous, and prescriptive process that bears that label in the private sector. Public sector organizations do indeed benchmark, but their brand of benchmarking often takes a different form.

Cities, counties, states, and federal agencies that are known for their benchmarking efforts may be engaged in any of three forms of that endeavor: corporate-style benchmarking, visioning initiatives that establish benchmarks, or comparison of performance statistics as benchmarks. Although some public sector organizations do, in fact, approach benchmarking in much the same manner as their corporate counterparts, more are engaged in visioning initiatives or the comparison of performance statistics—the second and third forms of benchmarking.

## DISTINGUISHING ALTERNATE VERSIONS OF BENCHMARKING

*Benchmarks* are points of reference from which measurements can be made. Much as surveyors use a point of known location or elevation as a benchmark from which to pinpoint other locations or elevations, organizations wishing to improve their performance on a particular dimension need a benchmark against which to measure their status and eventually their progress.

Each of the three forms of benchmarking differs from the others in technique and purpose, but all three may legitimately claim the *benchmarking* label. One form emphasizes long-range vision, another features the diagnosis of operating strengths and weaknesses, and yet another focuses on prescriptions for improvement. All three emphasize the importance of closing the gap between current performance and a desired benchmark, yet they differ sharply in substance and approach. Careful choice of the version most suitable to a given purpose is a crucial first step to successful benchmarking.

### Corporate-Style Benchmarking

As practiced in the private sector, the technique called benchmarking has been described most simply as “learning from the pros” (American Society for Training and Development, 1992, p. 1). Although more systematic and analytical than the other two forms, corporate-style benchmarking is quite simple conceptually. The technique rests on the twin beliefs that superior results are the product of *best practices* and that these practices can be emulated by others to positive effect.

The simplest model of corporate-style benchmarking describes this technique in four steps: plan, collect, analyze, and improve (Kinni, 1994). First, an organization must decide what it wishes to benchmark. It might choose, for instance, to benchmark its process for procuring supplies and services, its practices for deploying police officers, or its emergency dispatch operation. The organization would then proceed to identify outstanding performers of the selected function, analyze the practices that lead to superior results, and design adaptations of these practices for its own use.

At their most basic level, the core elements of benchmarking are applied regularly, even by individuals in their daily pursuits and pastimes. Many weekend athletes, for example, try to model their own performance after the styles and techniques displayed by their favorite professional sports heroes. By attempting to emulate the performance of a star athlete, they set their sights on a benchmark. Even if they never reach the standard represented by their model, any progress they make in that direction will improve their game. In a more formal way, organizations can improve their “game” by systematic observation and careful adaptation of practices honed by operations known for being among the best in the business. When pursued in a way that is deliberate, systematic, and consistent with prescribed steps, this process is known as benchmarking.

Benchmarking is a technique inspired by three notions. First, no individual, group, or organization can be the best at absolutely everything it does. Each can be improved in some facet of its activities. Second, those who achieve superior results in some aspect of their endeavors can often serve as worthy models. And third, reinventing the wheel constitutes an unacceptable waste of scarce resources. If another person or organization has already found a better

way, why not adopt those practices or, more likely, adapt those practices with a few changes here and there to make them fit in a new setting and perhaps cause them to work even better?

Accounts of the relatively brief history of the formal process of benchmarking usually cite a few corporate pioneers that began searching for process improvement models within and outside their own industries in the late 1970s and early 1980s. The most celebrated early experience in benchmarking involved Xerox, the company credited with being the first to benchmark, and L. L. Bean, the catalogue retailer. Concerned about warehouse distribution inefficiencies, Xerox officials decided to seek clues for the development of an improved system from L. L. Bean, an acknowledged leader in distribution efficiency. Xerox looked to L. L. Bean as a model, despite the fact that the two companies represented far different industries.

Xerox was impressed by L. L. Bean for good reason: in moving requested items from inventory to the customer, L. L. Bean was three times as proficient as Xerox. Xerox sought and received L. L. Bean's agreement to cooperate and proceeded to send a fact-finding team to L. L. Bean's facility in hopes of discovering the reasons for that company's extraordinary performance. The visitors discovered two principal keys to L. L. Bean's success in prompt distribution. First was the organization of the warehouse inventory. Items were organized by frequency of sales rather than haphazardly or by a system that failed to take sales frequency into account. The most frequently ordered items were the most accessible. Second, L. L. Bean's computer software sorted incoming orders to allow maximum efficiency as packers went through the warehouse collecting requested items.

Neither key to L. L. Bean's distribution success had characteristics precluding its applicability beyond the catalogue retail business. Both could be and were adapted with success by Xerox.

Successful benchmarking of this type relies on the choice of appropriate models, the systematic analysis of relevant processes or practices in these models, and careful adaptation for use back home. Benchmarking is simple in concept, but the simplistic application of that concept can doom a benchmarking project to failure. Careful design and faithful implementation can produce a more favorable result. A more detailed description of the prescribed steps is provided later in this chapter.

### **Visioning Initiatives That Establish Benchmarks**

The Xerox–L. L. Bean story epitomizes corporate-style benchmarking, but a second form, focusing less directly on the analysis of processes, soon began to claim the benchmarking label as well—at least in the public sector. This second form of benchmarking emphasizes the establishment of a vision for a community or state and the identification of results-oriented targets. In many ways, it is

more akin to strategic planning than to corporate-style benchmarking, despite their shared label.

Oregon Benchmarks is the best-known program of this genre. In 1989, the Oregon legislature created the Oregon Progress Board to help define the state's strategic vision and to monitor progress in achieving the goals embedded in that vision. The centerpiece of the board's efforts soon became the establishment of a set of benchmarks that not only converted abstract goals into tangible targets but also served as a gauge for tracking progress (see Exhibit 27.1). These benchmarks—focusing on student achievement, housing affordability, reductions in teen pregnancy, improvements in air quality, and a host of other social improvements (Oregon Progress Board, 1994)—riveted the attention of Oregon's policymakers on a set of clear though ambitious targets. The effort quickly gained the praise of leaders in state and local government across the country and in 1994 earned for Oregon Benchmarks the prestigious Innovations in State and Local Government Award, presented by the Ford Foundation and the Kennedy School of Government at Harvard University. The Oregon Progress Board continues to track ninety benchmarks and reports progress to the state legislature (see Exhibit 27.2).

By the mid-1990s, projects similar to the one in Oregon could be found in other states. Minnesota's targets, Minnesota Milestones, were introduced in 1992. That same year, the governor of Florida appointed the Commission on Governmental Accountability to the People (GAP Commission), which four years later produced the *Florida Benchmarks Report* (1996). Georgia, North Carolina, and a number of other states proceeded in much the same fashion.

Several local governments pursued a similar course, selecting targets that in some cases defined a vision for their communities and in others at least focused attention on local conditions influencing citizens' quality of life. For example, the Life in Jacksonville project in Jacksonville, Florida, began in 1985 with the development of a set of quality-of-life indicators by approximately one hundred local volunteers. In 1991, a second group consisting of one hundred forty citizens under the leadership of the Jacksonville Chamber of Commerce and the Jacksonville Community Council reviewed the indicators and set targets in nine quality-of-life dimensions: education, the economy, public safety, natural environment, health, social environment, government and politics, culture and recreation, and mobility (Jacksonville Community Council, 1994). Equally noteworthy efforts in Corvallis and Portland, Oregon; Cleveland, Ohio; Seattle, Washington; and other cities have similarly focused attention on conditions thought by local leaders to be particularly important to their communities' long-term health and well-being.

These benchmarking projects of states and communities are commendable. They identify problems and opportunities; they operationalize a vision of the future by highlighting tangible features of that vision; they help mobilize action by dividing the overall vision into manageable pieces and focusing attention on

## Exhibit 27.1. Oregon Benchmarks.

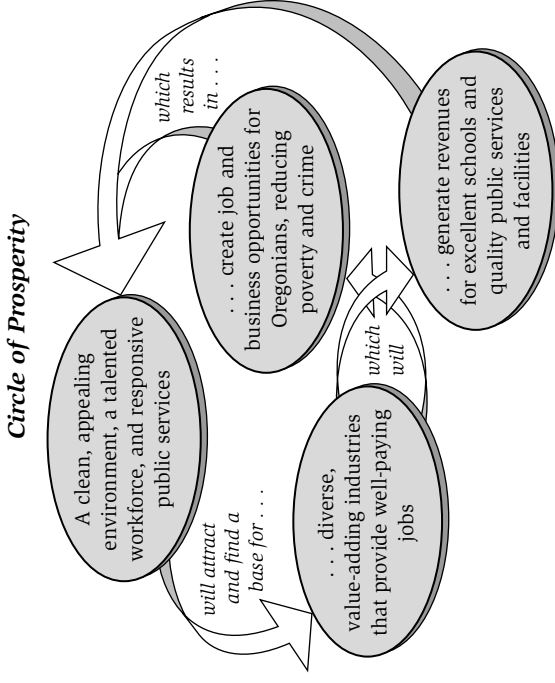
Oregon was the first state in the nation to articulate its hopes and expectations in measurable terms. It does so with its decade-long tradition of monitoring and reporting quantitative measures called Oregon Benchmarks. These ninety benchmarks span key, interlocking economic, social, and environmental issues. Examples include per capita income, high school dropouts, child abuse, air quality, and the health of native species.

### Oregon's Strategic Vision—*Oregon Shines*

Benchmarks reflect what Oregonians care about. Since their inception, thousands of Oregonians have participated in the shaping of Oregon's strategic vision, called *Oregon Shines*. The benchmarks were then designed, with the help of experts, to measure progress toward three *Oregon Shines* goals:

1. Quality jobs for all Oregonians
2. Engaged, caring, and safe communities
3. Healthy, sustainable surroundings

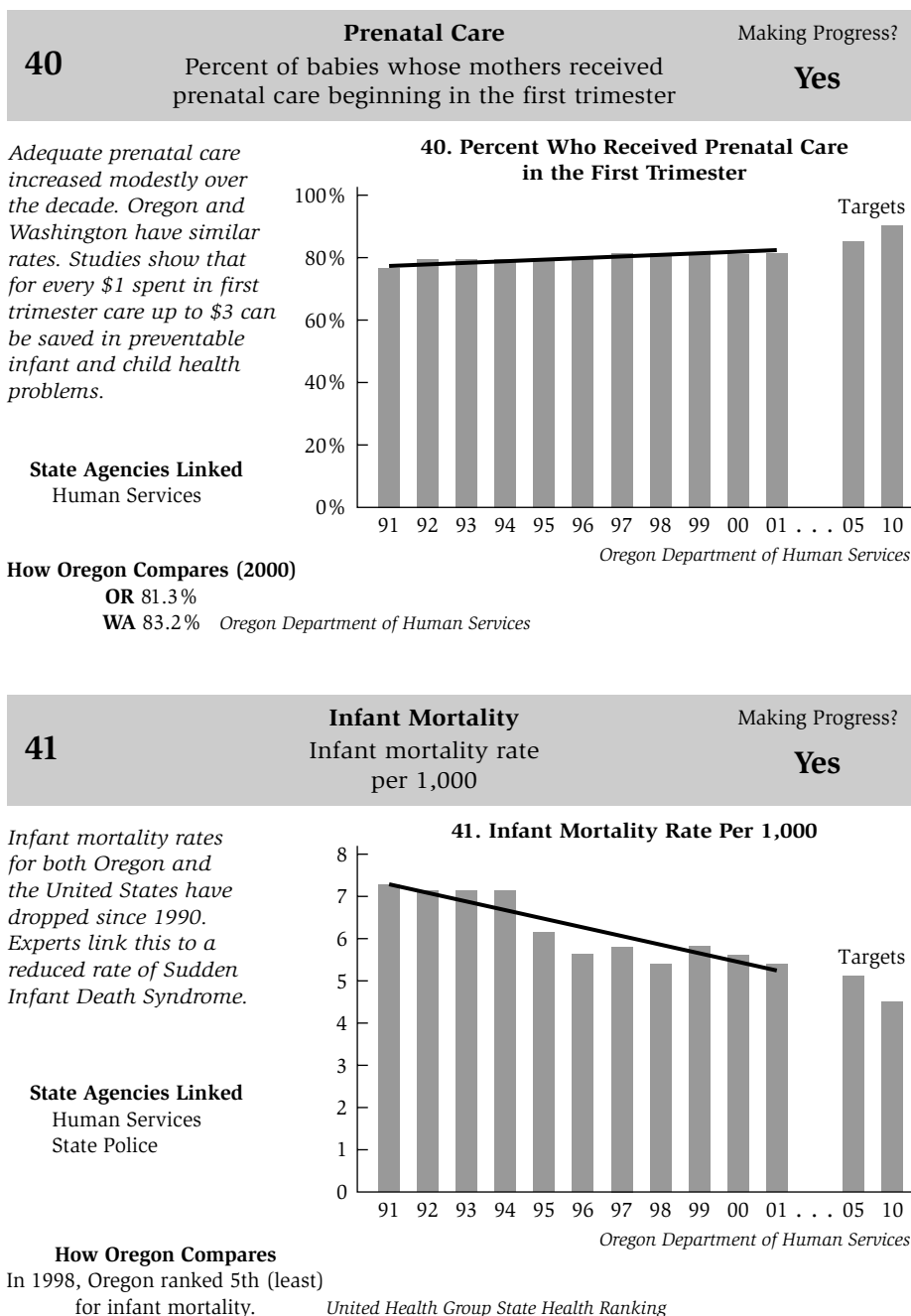
*Oregon Shines* is based on the assumption that the social and economic wellbeing of Oregonians depends on the interconnectiveness of quality jobs, a sustainable environment, and caring communities. This "Circle of Prosperity" is illustrated in the figure.



### How Oregon Benchmarks Can Help

Albert Einstein once said, "The significant problems we face cannot be solved at the same level of thinking we were at when we created them." The 2003–2005 biennium will see Oregon facing severe challenges. Benchmark data provide leaders with the opportunity to inform their budget and policy choices with reliable, accurate data on where Oregon has been and where it wants to go.

## Exhibit 27.2. Reporting Progress on Oregon's Benchmarks: Benchmarks 40 and 41.



Source: Oregon Progress Board, 2003, p. 33. Reproduced with permission.



what needs to be done; and by presenting measurable indicators, they offer a mechanism for tracking progress. Such projects serve an important purpose and deserve the accolades they have won. Because they measure the condition of the state or community and compare each measure to a benchmark that guides state or community efforts or gauges the speed of progress, the use of the term *benchmarking* is justified. Nevertheless, projects such as these differ sharply from corporate-style benchmarking.

### Comparing Performance Statistics

A third approach that also claims the benchmarking label compares selected performance statistics of two or more organizations or compares performance statistics to accepted performance standards. Many public sector units assemble statistics for their own and several counterpart operations or compare their own statistics to professional standards. When they identify the standards or the statistics of the top performer to be their target, they are engaged in benchmarking. The value of such an approach is dependent on the appropriateness of the standards and the choice of counterpart organizations. If a unit selects outstanding performers and sets out to meet or exceed ambitious targets, the benefits can be substantial.

This form of benchmarking is perhaps the most common of the three. It calls for comparison and answers the question, How do we stack up? It reveals relative strengths and weaknesses of an operation; it identifies top performers among a selected set; but by itself, it does not identify best practices. It differs sharply from visioning initiatives, and unless the comparison of performance statistics leads to systematic analysis of processes, it differs significantly from corporate-style benchmarking as well.

### Contrasting the Three Benchmarking Types

Despite their common label, the three types of benchmarking are remarkably different from one another. Based on the general characteristics just described, six major factors that distinguish benchmarking types can be identified:

- *Focus on process.* Corporate-style benchmarking focuses on processes rather than social or economic conditions, targets or goals, or general comparisons of output, outcome, or efficiency measures. Typically, a process is selected for benchmarking because it is considered important or even vital to an organization's success. Corporate benchmarkers try to learn how the companies that are the best in product development, customer relations, product distribution, or some other operation achieve their success. This focus on operational processes differs significantly from a project that simply compares performance statistics or one that directs attention to social conditions that often lie beyond a state or local government's direct control—for example, unemployment, teen parenthood, or violent crime.

- *Identification of and comparison with outstanding or best-in-class performers.* Once corporate-style benchmarkers have selected an operational focus—as mentioned, often a key process that contributes directly to organizational success or failure—they proceed to identify organizations that achieve outstanding results in that particular operation. The most ambitious benchmarkers look for best-in-class or world-class performers because those are the organizations from which they stand to learn the most, and the performance records of those units serve as the best benchmarks. Other, less rigorous versions of benchmarking often set targets arbitrarily, rarely stacking their own performance record up against best-in-class counterparts.

- *Objective versus arbitrary benchmarks.* Unlike visioning initiatives, which sometimes choose targets arbitrarily, benchmarks in the other two forms of benchmarking have a more tangible foundation. Corporate-style benchmarkers select benchmarking partners based on documented results. Benchmarkers who simply compare performance statistics focus on the actual operating statistics of other organizations, credible performance standards, or performance targets considered achievable by ambitious counterparts.

- *Thorough analysis.* Many projects that establish targets through visioning initiatives or that compare performance indicators for several organizations or government units include little, if any, additional analysis. In contrast, corporate-style benchmarking relies on detailed analysis of the targeted process in the organization doing the benchmarking as well as analysis of the counterpart processes of benchmarking partners.

- *Depth versus breadth.* Corporate-style benchmarkers willingly sacrifice breadth for depth. Their focus is narrow—typically, a single process—and they pursue precise details that account for superior results among top performers. Projects that compile performance statistics for a variety of activities or that report a broad array of social indicators are valuable too, but they differ sharply from the in-depth approach that defines corporate-style benchmarking and has thrust it to the forefront of popular management techniques.

- *Diagnosis versus prescription.* Benchmarking that compares performance statistics is diagnostic, corporate-style benchmarking is prescriptive, and visioning initiatives often contain elements of diagnosis and prescription, although less rigorously derived than through the other forms of benchmarking. The comparison of statistics assesses an organization's condition in selected functions, but the endeavor rarely advances beyond comparison to thorough analysis and prescriptions for improvement. Corporate-style benchmarking assumes that diagnosis has occurred previously and proceeds toward its sole objective: a prescription for improvement. Visioning initiatives are often diagnostic to the extent that they typically identify conditions needing improvement, yet they are dependent on the perceptions of participants in the visioning process and lack the diagnostic rigor of a more systematic comparison of actual performance statis-

tics. Similarly, their prescriptions, if any, typically lack the analytical rigor of corporate-style benchmarking.

The fact that the three approaches to benchmarking differ from one another does not render one less worthy overall than the others or less applicable in general. Much as a hammer is the appropriate tool for some jobs and a wrench or a drill the tool of choice for others, the setting of targets that correspond to a statewide or communitywide vision or the comparing of a broad array of performance statistics may be more appropriate in some circumstances and a corporate-style benchmarking project in others.

What is our vision for this state or community a decade from now? How is this organization performing overall? Is the performance of that department up to par? For questions such as these, corporate-style benchmarking is not the best choice for finding the answer. The proper focus of a corporate-style benchmarking project is necessarily narrow—too narrow for answering any of these questions. A better choice for responding to the question about vision is the Oregon Benchmarks approach. A better choice for making a general diagnosis of an organization's performance is the less detailed, less expensive examination of that performance in the context of applicable standards, performance norms, or the performance records of respected counterparts. Comparison with a broad set of performance benchmarks may be the most practical and expedient way to gain a general assessment of an organization's performance or to identify aspects of performance needing more thorough review. But perhaps the question is, How can we modify this process to achieve superior results? If so, corporate-style benchmarking is a good option.

So which type of benchmarking is "best"? The answer is the one that is best suited to the particular need at hand.

## BENCHMARKS AS DIAGNOSTIC GAUGES

Many public sector managers desire a reliable method of gauging the adequacy of the services they provide and the efficiency of their operations. Comparing performance statistics to professional standards or to the targets or results achieved by respected counterparts offers a means of doing so.

Performance benchmarks of relevance to state and local governments can be found in a variety of places. Professional associations sometimes promulgate performance standards or compile performance statistics that reveal norms that can serve as benchmarks. Individual governments sometimes establish performance targets or report performance results that can be used as benchmarks by others.

Depending on the service being examined, a professional association tied to that service may be a valuable source of information. Performance statistics for public library operations, for example, are compiled and reported annually by

the Public Library Association. Many state affiliates have gone a step further and have established performance standards (see Table 27.1). For instance, standards in Iowa differentiate three grades of quality for a variety of library service dimensions, including circulation rates per capita; collection turnover rates; title, author, and subject fill rates; and hours of operation (State Library of Iowa, 1997).

Similarly, performance benchmarks can be found for several other government services—sometimes from federal or state agencies. For example, bus service standards published by the U.S. Department of Transportation in 1979

**Table 27.1. Selected Standards for Iowa's Public Libraries.**

	Standard		
	Adequate	Good	Excellent
Circulation per capita	N.S.	8	14
Collection turnover rate	1.0	2.0	3.0
Annual removals from collection (i.e., weeding)	3 %	4.5 %	6 %
New acquisitions (annual)	3 %	4.5 %	6 %
In-library materials use per capita	N.S.	4.0	6.0
Title fill rate	N.S.	70%	80%
Author and subject fill rate	N.S.	80%	85%
Document delivery—securing materials not immediately available at time of request	N.S.	45% within 7 days; 62%, 14 days; 75%, 30 days	55% within 7 days; 72%, 14 days; 90%, 30 days
<i>Days and hours of operation per week</i>			
Less than 1,000 population	4 days/20 hrs	5 days/20 hrs	5 days/25 hrs
1,000 to 2,499	5 days/20 hrs	6 days/25 hrs	6 days/35 hrs
2,500 to 4,999	5 days/25 hrs	6 days/35 hrs	6 days/45 hrs
5,000 to 9,999	5 days/45 hrs	6 days/50 hrs	7 days/56 hrs
10,000 to 24,999	6 days/56 hrs	6 days/64 hrs	7 days/68 hrs
25,000 or greater	6 days/64 hrs	6 days/68 hrs	7 days/72 hrs

*Note:* N.S. indicates that a specific standard is not specified.

*Source:* Excerpted from *In Service to Iowa: Public Library Measures of Quality*, State Library of Iowa, 1997. Reprinted with permission.

suggested that revenues from bus fares should offset at least 20 percent of operating expenditures, that buses should never depart from a stop ahead of schedule or be more than five minutes late, and that systems should carry at least 1.5 passengers per vehicle mile (Attanucci, Jaeger, and Becker, 1979, pp. 10–13). Managers wishing to compare their transit statistics with others could turn to the statistics compiled by the Federal Transit Administration (1996), providing comparison information such as operating expense per vehicle revenue mile, operating expense per passenger mile, and passenger trips per vehicle revenue mile.

Several reference works present extensive sets of recommended performance measures for a variety of government services (see, for example, Bens, 1991; Hatry and others, 1992; Tighe and Strachota, 1994; Ammons, 1995; Governmental Accounting Standards Board, 1990–1993). A smaller number of reference works provide standards and performance statistics that can serve as benchmarks (for example, Ammons, 2001; League of California Cities, 1994; International City/County Management Association, 2001; Institute of Government, 2004). The former works are extremely useful as guides for designing a performance measurement system but offer little assistance, if any, in assessing performance numbers once they are collected. The latter set of references provides a context in which to judge a unit's performance results. Selected performance statistics for human resource activities, reported in *Municipal Benchmarks* (Ammons, 2001), are shown in Exhibits 27.3, 27.4, and 27.5. A local government may compare its own numbers to these as a general gauge of performance quality or adequacy, viewed in the context of the performance records of a set of strong performers.

A variety of factors beyond the control of a government administrator may conspire to prevent a given unit from achieving the performance marks attained by others. The blind application of performance benchmarks from other jurisdictions, therefore, may be inappropriate for rendering final judgments on managerial performance or the diligence of service workers. The use of such benchmarks, however, may be extremely useful as a means of assessing service adequacy in a general sense and as a diagnostic gauge for highlighting services in need of further scrutiny. Guidance on the compilation and use of comparative performance measures is increasingly available (see, for example, Morley, Bryant, and Hatry, 2001; Rivenbark, 2001).

## STEPS IN CORPORATE-STYLE BENCHMARKING

If an organization's performance question is narrow and it desires a prescriptive answer—for example, What can we do to be one of the best human resource departments in terms of prompt review and referral of qualified candidates?—corporate-style benchmarking may be the tool of choice. More specifically, a

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**Exhibit 27.3. Benchmarks for Prompt Referral of Job Candidates.**


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*Time from Recruitment to Referral***Savannah, GA**

Average time to certify professional applicants: 40 days (1997)

Average time to certify other applicants: 14 days (1997) (B079, 93)

**Nashville–Davidson County, TN**

Average number of weeks to produce list: 8 (1997); 6 (1998)

(B057, A.38; B135, A.43)

**Phoenix, AZ**

Target: Establish eligibility lists within an average of 50 workdays from the recruitment order

Actual: Average of 42 workdays (est., 1993)

**Anaheim, CA**

Target: Recruit and provide lists of eligible applicants within 50 days after recruitment begins

**San Jose, CA**

Target: Create eligible lists in average of 66 days (except police, fire, promotionals, and continuous)

Actual: 56-day average (1995) (B023, 118)

**Santa Ana, CA**

Average number of days to establish eligibility list: 62 (1995) (B157, 2.18)

**Portland, OR**

Target: 2 months to establish eligibility lists

Actual: 2.25 months (est., 1992)

**San Luis Obispo, CA**

Actual: 75 days to establish eligibility lists (1994) (B165, D.134)

**Cincinnati, OH**

Targets: (a) 120 days to issue eligibility lists from structured exams; (b) 60 days from unstructured exams

Actual: (a) 75-day average with structured exam; (b) 50-day average with unstructured exam (1991)

### Exhibit 27.3. Benchmarks for Prompt Referral of Job Candidates, Cont'd.

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#### Palo Alto, CA

Target: Move 90 % of vacancies from job posting to submission of qualified candidates within 90 days

Actual: 69 % (1997) (B073, 208)

#### Reno, NV

Target: From request to certification of lists within 90 days at least 50 % of the time; within 120 days 75 % of the time (1999) (B089, 104)

#### Philadelphia, PA

Median time from exam request to creation of eligible lists: 120 days (1998) (B091, 59)

#### *Time from Ad Closing to Referral*

#### San Antonio, TX

Target: Average turnaround time of 4 work days from closing advertisement until establishment of eligibility list (1999)

Actual: 6.0-day average (1995) (B009, 285) (B068, 160)

#### *Time from Application Deadline to Referral*

#### Greenville, SC

Target: Referral of applications to departments within 1 day following cutoff date

Actual: 100 % (1990)

#### Norman, OK

Target: Referral of qualified candidates to departments within 3 days (B094, 135)

#### Oak Ridge, TN

Target: Forward applications to hiring manager within 3 days following application deadline

#### Raleigh, NC

Target: Referral of applications within 5 work days of application closing date

Actual: 91 % (1991)

#### Alexandria, VA

Average number of work days between application closing date and referral of qualified applicants to departments: 11.5 (1998) (B147, 6.63)

**Exhibit 27.4. Benchmarks for Prompt Position Audits  
for Reclassification and Compensation Requests.**

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**Grand Prairie, TX**

Target: Complete at least 95 % of all reclassification studies within 15 work days

Projected: 94 % (1997) (B127, 495)

**San Diego, CA**

Percentage of classification studies completed within 21 days: 85 % (1998)  
(B156, 1019)

**Oklahoma City, OK**

Target: Completed within 30 days

Actual: 100 % (1992)

**St. Petersburg, FL**

Target: Completed within 30 days

**Lubbock, TX**

Percentage of classification recommendations completed within 30 days of receipt  
of questionnaire:

80 % (1995); 80 % (1996); 93 % (1997) (B021, 163) (B060, 169)

**Portland, OR**

Target: 90 % completed within 30 days

**Oakland, CA**

Percentage completed within 30 days: 80 % (1991); 74 % (1992)

**Boston, MA**

100 % completed within 48 days of request by department head or union official  
(1992)

**Reno, NV**

70 % of classification studies completed within 90 days; 80 % within 120 days;  
85 % within 210 days (1990)

**Alexandria, VA**

Percentage of classification reviews analyzed and implemented within 6 months  
of request: 100 % (1998)

(B147, 6.64)



**Exhibit 27.5. Benchmarks for Prompt Hearing  
and Resolution of Employee Grievances: Selected Cities.**

City	Time Frame for Hearing Appeals	Time Frame for Resolution of Grievances
Boston, MA	93.1 % of grievance hearings scheduled within 3 weeks of receipt (1992)	71 % of decisions issued within 2 weeks of hearing (1992)
Raleigh, NC		Targets: Grievances involving dismissals, demotions, or suspensions to be resolved within 33 workdays; all others within 75 workdays  Actual: 67 % of first category within 33 workdays; 87 % of all others within 75 workdays (1991)
Oakland, CA	Target: Administrative hearing and opinion within 30 days	Target: Process appeals within 60-day maximum
Dayton, OH	Target: Schedule hearings within 45 days of receipt of request	
Cincinnati, OH	Target: Schedule disciplinary appeals within 2 months of request	

*Source:* Ammons, 2001, p. 199. Copyright © 2001 by Sage Publications, Inc. Reprinted by permission of Sage Publications, Inc.

corporate-style benchmarking project may be an excellent choice in the following instances:

- When initial diagnosis—perhaps through comparison of performance statistics—draws into question the adequacy of a given service or reveals possible deficiencies in key processes
- When a given unit, despite generally adequate performance, is determined to excel at a given process and desires to learn from those perceived to be the best at it

Organizations electing to engage in corporate-style benchmarking may be guided by a set of specific steps to ensure that the project will be of value. The complete process has been described in as many as ten or eleven steps (Camp, 1989; Keehley, Medlin, MacBride, and Longmire, 1997) and as few as four (Kinni, 1994). The seven-step process described here (Southern Growth Policies Board

and Southern Consortium of University Public Service Organizations, 1997, module 2) is generally consistent with these others, combining some of the steps in the longer models and, for the sake of clarity, dividing some of the steps of the shorter versions.

### *A Seven-Step Benchmarking Process*

1. Decide what to benchmark.
2. Study the process already in place.
3. Identify benchmarking partners.
4. Gather information.
5. Analyze the information.
6. Implement for effect.
7. Monitor results and take further action as needed.

### **Step 1: Decide What to Benchmark**

Organizations embarking on a benchmarking project are often tempted to bite off a bigger range of performance dimensions than they can easily chew. They realize that they will be devoting considerable time, energy, and other resources to the project, and understandably, they want as much mileage from the effort as possible. Corporate-style benchmarking, however, is designed for achieving great depth of insight on a narrow operational process. It is much less suitable for analysis of an entire function encompassing multiple processes. In the field of human resource administration, for example, a benchmarking project could focus on the employee recruitment process, the position audit process, the grievance process, or another narrowly prescribed process in that work. Attempting to benchmark the human resource department as a whole would be unwieldy.

Whatever process is chosen as the subject of corporate-style benchmarking should be of sufficient importance to justify the effort. A process that is tangential or insignificant to the success of the organization is a poor choice.

### **Step 2: Study the Process Already in Place**

Benchmarkers must understand the ins and outs of their own operation. This great familiarity will allow them to explain the details of their operation to benchmarking partners and identify process differences that explain the superior results of high achievers.

### **Step 3: Identify Benchmarking Partners**

Learning from the pros starts with identifying who the pros are—that is, figuring out which organizations are the best at the process being benchmarked. Top performers could come from the public sector or the private, but some public

sector benchmarkers find it more practical to select outstanding counterparts from their own sector, thereby avoiding concerns over the sharing of what is sometimes considered proprietary information. Furthermore, some benchmarkers have discovered that successful benchmarking does not always require the selection of partners that are the absolute best in class. In some cases, benchmarking with a partner that is achieving substantially better results yet is only modestly more advanced or sophisticated in its procedures will produce more practical or implementable options for improvement and more attainable objectives than benchmarking with a partner that is light-years more advanced.

### **Step 4: Gather Information**

The information needed for a successful project will allow benchmarkers to compare in detail different approaches to performing the process being examined. Thus detailed information must be compiled on all the steps and results of the process in each of the project organizations. Although some of the needed data may be available through publications and archival sources, much is typically gathered through questionnaires, telephone interviews, and site visits.

### **Step 5: Analyze the Information**

If proper care has been taken in the identification of outstanding partners, a performance gap between the benchmarking organization and its project partners should be discovered. The objective of the project's analysis phase is to measure the gap, estimate the benefits that would accrue from narrowing or closing it, and identify process differences that account for performance superiority. Many benchmarkers find process flowcharting (described later) to be a useful tool for identifying such process differences.

### **Step 6: Implement for Effect**

The preparation of an action plan begins to move the benchmarking project from "just a study" toward actual performance improvement. Rarely can the processes of a top performer be adopted in total and put in place effectively in a new setting. More often *adaptation* is required. In some cases, new equipment and special training will be needed. These adaptations and special needs must be incorporated into the action plan, and that plan must be implemented conscientiously.

### **Step 7: Monitor Results and Take Further Action as Needed**

A lot of things can still go awry, even when implementation has the benefit of a meticulously designed action plan. Careful monitoring ensures that expected results do in fact occur or, if they do not, permits midcourse adjustments either through spotting deviations from the action plan and insisting on compliance or through revising the action plan to achieve the intended results.

The foregoing steps and brief descriptions provide an overview of the corporate-style benchmarking process. More detailed information is available in a number of publications devoted to this technique (for example, Camp, 1989, 1995; Boxwell, 1994; Keehley, Medlin, MacBride, and Longmire, 1997; Spendolini, 2000). Important advice on forming a benchmarking team, securing the cooperation of benchmarking partners, benchmarking protocol, designing a questionnaire, involving operating personnel, and other relevant topics should be reviewed prior to embarking on a benchmarking project.

## APPLICABLE ANALYTICAL TOOLS AND TECHNIQUES

A variety of analytical tools and techniques can be applied to corporate-style benchmarking projects. Two are outlined here: *performance measurement* (the most fundamental of all tools in benchmarking) and *process flowcharting* (one of the most common analytical techniques).

### Performance Measurement

Performance measurement is the art of gauging the quantity, quality, efficiency, and effectiveness of goods and services produced by an activity. Good measures can replace subjective impressions with solid information. By assembling reliable performance measures for each of the project participants, benchmarkers can make meaningful comparisons that reveal variations in results and highlight relative strengths and weaknesses in alternative approaches to a given process.

### Process Flowcharting

The beauty of process flowcharting is that although it is a fairly simple technique, it systematically records and categorizes each step in the process being examined. Very little specialized knowledge is required for the most rudimentary forms of flowcharting, other than familiarity with the set of five symbols used to categorize the various steps in a given process (see Table 27.2). An analyst carefully

Table 27.2. Process Flowchart Symbols.

Symbol	Name	Definition
○	Operation	An item is acted on, changed, or processed.
⇒	Transportation	An object is moved from one place to another.
□	Inspection	An object is examined to be sure quantity or quality is satisfactory.
D	Delay	The process is interrupted as the item awaits the next step.
▽	Storage	The item is put away for an extended length of time.

observes the process or interviews someone knowledgeable about its details and lists each step in sequence on a *process flowchart* (also simply called *process chart*), categorizing each step by use of the appropriate symbol.

The sample flowchart presented in Exhibit 27.6 identifies and categorizes the steps in one local government's process for requisitioning small tools. If that government engaged in a benchmarking project focusing on this process, it would develop similar flowcharts depicting the steps in the procedures used by its benchmarking partners. By comparing the flowcharts, benchmarkers could discern both the obvious and the subtle differences among the practices and could begin to consider process adaptations based on the successes of the top performers, perhaps producing the proposed method depicted in Exhibit 27.7.

## PUBLIC SECTOR USES OF BENCHMARKING

Relatively few of the most publicized cases of public sector benchmarking conform to the model of corporate-style benchmarking. The most heralded projects in the public sector belong to the visioning initiatives category of benchmarking, often focusing on goals tied to social indicators and establishing targets called benchmarks. The most common type of benchmarking in the public sector, however, is the compilation and comparison of performance statistics of several organizations.

Despite the rarity of documented cases, corporate-style benchmarking does occur in the public sector. In fact, a few projects conform to the corporate model rather well. A tally of such projects, however, would understate the public sector's embrace of the concepts underlying corporate-style benchmarking, even if adherence to the formal steps has been spotty. Enterprising public administrators have been learning from the pros and adapting best practices in isolated cases for years—even long before the corporate-style model was formalized and benchmarking became popular.

In some cities, for example, municipal sanitation departments have lost out in competition with private contractors on some services, drawn operational lessons from the victors and other competitors, and won back the services by incorporating those lessons to improve their efficiency (Osborne and Gaebler, 1992). Municipal fire departments have adapted best practices from top-rated private fire services to improve their efficiency and effectiveness (Ammons, 1980). Municipal utility departments have studied the practices of private counterparts, modified their own operations, and underbid national and international competitors for the right to operate local plants (Syfert and Cooke, 1997; Gullet and Bean, 1997).

Some such cases have proceeded less systematically than formal benchmarking projects, and some have actually predated formal benchmarking, but most have involved at least some of the steps prescribed in the corporate-style benchmarking model.

Exhibit 27.6. Process Chart: Requisitioning Small Tools.

<b>PROCESS CHART</b>			
<b>Present Method</b> <input checked="" type="checkbox"/>			
<b>Proposed Method</b> <input type="checkbox"/>			
<b>SUBJECT CHARTED</b> <u>Requisition for small tools</u> <b>DATE</b> _____			
Chart begins at supervisor's desk and ends at typist's desk <b>CHART BY</b> <u>J.C.H.</u>			
in purchasing department. <b>CHART NO.</b> <u>R 136</u>			
<b>DEPARTMENT</b> _____ <b>SHEET NO.</b> <u>1</u> <b>OF</b> <u>1</u>			
DIST. IN FEET	TIME IN MINS.	CHART SYMBOLS	PROCESS PRESCRIPTION
		○ → □ D ▽	Requisition written by supervisor (one copy)
		○ → □ D ▽	On supervisor's desk (awaiting messenger)
65		○ → □ D ▽	By messenger to superintendent's secretary
		○ → □ D ▽	On secretary's desk (awaiting typing)
		○ → □ D ▽	Requisition typed (original requisition copied)
15		○ → □ D ▽	By secretary to superintendent
		○ → □ D ▽	On superintendent's desk (awaiting approval)
		○ → □ D ▽	Examined and approved by superintendent
		○ → □ D ▽	On superintendent's desk (awaiting messenger)
20		○ → □ D ▽	To purchasing department
		○ → □ D ▽	On purchasing agent's desk (awaiting approval)
		○ → □ D ▽	Examined and approved
		○ → □ D ▽	On purchasing agent's desk (awaiting messenger)
5		○ → □ D ▽	To typist's desk
		○ → □ D ▽	On typist's desk (awaiting typing of purchase order)
		○ → □ D ▽	Purchase order typed
		○ → □ D ▽	On typist's desk (awaiting transfer to main office)
		○ → □ D ▽	
		○ → □ D ▽	
		○ → □ D ▽	
		○ → □ D ▽	
		○ → □ D ▽	
		○ → □ D ▽	
105		3 4 2 8	<b>Total</b>

Source: Haynes, 1980, p. 211. Reprinted with permission of Patricia G. Haynes, P.E.



Cases of public sector benchmarking that have explicitly followed each step of the corporate model are rare. The relative few that have been well documented include projects involving the Bureau of Printing and Engraving, the Air Force Logistics Command, the Internal Revenue Service, the state of West Virginia, and such municipalities as Salt Lake City, Utah; Reno, Nevada; and Arlington, Texas (Keehley, Medlin, MacBride, and Longmire, 1997; City of Arlington, 1993). The Bureau of Printing and Engraving, seeking to improve its operations in the sale of coins to collectors, benchmarked on Lenox China and Black & Decker (National Performance Review, 1995). The Air Force benchmarked on Federal Express for rapid and reliable parts delivery. The Internal Revenue Service benchmarked on American Express for billing and Motorola for accounting practices. West Virginia benchmarked with two other states to develop a system for one-stop business registration. Salt Lake City and Reno teamed up to benchmark systems for receiving and handling customer complaints and requests for information. Arlington benchmarked various parks and recreation operations with both public and private sector benchmarking partners.

The benefits of corporate-style benchmarking are not reserved for the private sector alone. Governments that are willing to devote the time, energy, and other resources necessary to conduct a serious corporate-style project can derive significant benefits as well.

## CONCLUSION

All three forms of benchmarking have practical value in the public sector. A given form, however, must be matched carefully and appropriately to the task at hand.

Corporate-style benchmarking has a narrow focus, is process-oriented, and is rather costly. It requires the gathering of detailed information, emphasizes thorough analysis, and often involves visits to the sites of benchmarking partners. If a public sector unit wants to improve a key process or operation within its functions, corporate-style benchmarking is a good option.

Benchmarking of either the Oregon Benchmarks or the general performance comparison variety usually has a much broader focus. Operational details are typically less important in these projects than measures of results or indicators of social condition. If the purpose of the benchmarking project is planning, general review, or assessment, these approaches are more applicable than corporate-style benchmarking.

Project focus is one key determinant of the appropriate form of benchmarking. The expected role of the project is another. Corporate-style benchmarking is expected to reveal better ways to perform a given process or produce a given service. The expected result will be a prescription for improvement. Other forms



of benchmarking can be expected to set targets (specifically, the Oregon Benchmarks approach) or diagnose problems (general comparisons) but are not particularly well suited for prescribing specific operational solutions.

All three varieties of benchmarking are applicable to the public as well as the private sector. The intended focus and role of the project will suggest the type of benchmarking that is most appropriate.

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# Strategic Planning for Human Resource Managers

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In the global economy, with its volatility and uncertainty, human resource managers have become indispensable members of the strategic management team. Their role has evolved from personnel record keeping and position management to organizational planning and process improvement. Because personnel are critical assets that account for the largest portion of an organization's overall budget, the human resource manager often serves as an internal consultant to other units of the organization, providing training and skill building for planning exercises, serving as a resource clearing house for managers and planning teams, and researching essential data on current and future staffing needs and priorities. This chapter describes the steps of the strategic planning process, presents a model of the planning cycle, explains the role of the human resource (HR) manager in the process, and discusses opportunities and pitfalls that the HR manager must recognize and manage. Examples used to illustrate the process are taken from a strategic planning effort in a large metropolitan police department in which the authors were directly involved.

Greer (2000) describes the general managerial approach to strategic human resource management as coming from an investment perspective. "The investment perspective is consistent with mission statements of economically rational organizations. This perspective provides a rational, financially justifiable basis for analyzing the value of alternative human resource strategies, policies, and practices" (p. ii). Therefore, the term *human resource management* is opera-

tionalized quite literally as husbanding and maximizing the staff resources in the same way that a rational manager does with all other assets of the organization.

According to Perry (1993), human resource management has become “perhaps the most important determinant of organizational effectiveness” (p. 59). This is so because HR management focuses on acquiring and putting to most effective use the human capital, knowledge, skills, and experience on which the organization depends for its success. “To manage strategically means that traditional HR objectives such as turnover or performance are superseded by organizationwide goals designed to complement a specific business strategy” (Dyer and Holder, 1988, p. 1). With such a central role in organizational success and with traditional roles expanding, human resource managers must be seen as integral to strategic management activities. Even routine HR activities previously seen as maintenance and control functions, like job analysis, have taken on strategic importance due to the climate of competitiveness that permeates both private and public sector organizations (Siddique, 2004).

Klingner (1993) has identified five key elements in the strategic mind-set HR managers need to adopt in order to serve as effective consultants in the strategic planning process. First, they must recognize that people are key. This includes a heightened concern for productivity and accountability and therefore requires better information systems. Second, HR managers must shift from a focus on position management to a focus on work and employees, concentrating on new classification and compensation systems, performance monitoring, and rewards and incentives. Third, Klingner calls for more innovation. Consulting HR managers must think and behave like entrepreneurs, which involves taking risks. Fourth, HR managers must practice simultaneously “asset development and cost control” (p. 571). Employee development goes beyond individual skill building to improving employee relationships, team building, problem solving, and retooling. Fifth, HR managers in the strategic planning process must shift from their former emphasis on equal employment opportunity and affirmative action compliance to managing workforce diversity; that is, they must move from concerns for categories and proportions dictated by compliance agencies to concerns for all employees’ productivity, development, participation, and mission accomplishment.

It is with these elements in mind that the following sections describe the steps in the strategic use of a planning cycle. The HR manager is ideally situated to assist in this planning process, becoming what Morrissey (1995) terms an internal “coach/facilitator . . . someone who does not have a strong personal vested interest in the outcome” but who maintains a keen concern for the organization’s overall effectiveness (p. 14). The HR manager leads and supports the activities of the organization as it moves from a vision and mission to goals and objectives, from tasks and responsibilities to outcomes and solutions. The

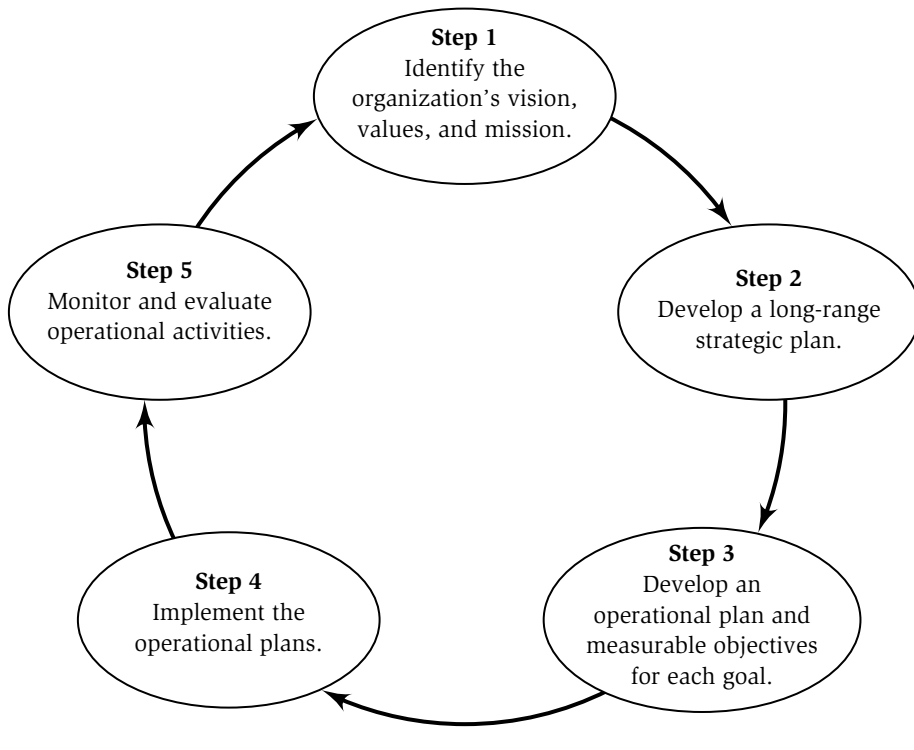
HR manager facilitates the development of a strategic plan that will enable the organization to achieve its mission and goals and assists management in developing, implementing, and evaluating this plan. In the following discussion of the steps of the strategic planning cycle, each section defines the overall activities of the step, distinguishes the role of the HR manager, and identifies some of the common tools employed in the step. The chapter concludes with a discussion of the problems that sometimes occur in the development, implementation, and evaluation of organizational plans.

## THE PLANNING CYCLE

Why does management invest the energy and resources required to develop a strategic plan? In any organization, whether it is public or private, production-oriented or service-based, goals and activities are developed and implemented to achieve the organization's mission. On one hand, goals and activities may be unspoken and unstructured. On the other, they may be well documented and highly formal. Regardless of the organization's mission, every work effort has at the very least an implicit objective for achieving that mission. The *planning cycle* offers management an opportunity to examine the organization to ensure that the mission is indeed attained. Such organizational planning can be very resource-intensive; it will often require several months of work from a variety of individuals throughout the organization. However, it helps all participants communicate goals, reassess opportunities, and promote effectiveness and efficiency.

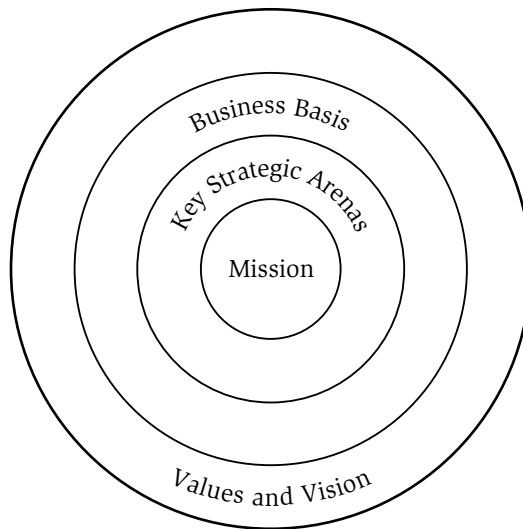
The planning cycle involves five steps, as indicated in Figure 28.1. It begins with an examination of the vision, values, and mission of the organization. The vision, values, and mission set the pace for all future efforts. The strategic planning phase in step 2 involves gathering information and exploring the alternatives and implications of current and future activities. This phase focuses on the three- to five-year goals of the organization. In step 3, operational plans are built from each of the goals identified in the strategic plan. It is these operational plans that translate the strategic goals into everyday work activities. The implementation stage, step 4, involves marketing the operational plans, solidifying support, and making the actual work changes that need to occur to support the plans. Finally, step 5, the evaluation stage, involves monitoring and evaluating the extent to which different work processes advance the values, mission, and goals of the strategic plan. For the most part, these five steps are sequential; forward progress depends on the successful completion of the previous step. They are also, as the figures show, cyclical; the sequence never actually ends.

Figure 28.1. The Strategic Planning Cycle.



A valuable asset in the planning process is the *planning wheel* (see Figure 28.2). The wheel provides a basis for channeling energies and focusing attention on the key critical areas involved throughout the planning process. The wheel consists of four concentric rings. The first (outermost) ring focuses on the organization's values and vision. The second ring taps the role of the organization: for example, is it production-, manufacturing-, or service-oriented? The third ring comprises the various arenas, or functions, that the organization employs to accomplish its goals. The final (innermost) ring focuses on the mission the organization strives to achieve. The planning wheel is a frame of reference, a starting point to direct thoughts and ideas toward developing work processes that advance the vision, values, and mission of the organization. The role of the human resource manager is to facilitate processes in which the members of the organization elaborate and develop each of the rings. It is important to recognize that the content of each ring will vary by unit or organization. (The remainder of this chapter incorporates an example of a police department using the planning wheel to assist with its planning cycle.)

Figure 28.2. The Planning Wheel.



### Step 1: Identify the Organization's Vision, Values, and Mission

Identifying the organization's *vision*, *values*, and *mission* is the first step in the planning cycle. In some organizations, the vision, values, and mission are explicit. In others, they are understood but perhaps not articulated. In yet others, they are either in flux or not well understood across the organization. The role of the HR manager is to assist the organization in articulating the vision, values, and mission that support its activities. Efforts should focus on addressing such questions as these: What is our mission? What values drive our abilities to achieve our mission? What ethics guide our actions? What is our vision for the future? What is the key to the future of our organization?

In this stage of the planning cycle, the role of the HR manager is either to document or to facilitate a dialogue for crafting the vision, values, and mission. If the vision, values, and mission are apparent, the HR manager may, with management support, choose to examine the extent to which all members understand and agree with the vision, values, and mission statements as defined. If the vision, values, and mission have not been defined or are in a state of flux, the HR manager must assist management in developing and crafting these tenets.

Some of the tools the HR manager may choose to complete this step are *vision analysis*, *brainstorming techniques*, *survey analysis*, and *focus groups* (these are defined in Exhibit 28.1). Again, the HR manager must ensure that the vision, values, and mission of the organization are well understood and agreed on before moving to the next step.



### Exhibit 28.1. Useful Tools for Identifying Vision, Values, and Mission.

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**Benchmarking.** A process for systematically examining the best practices in the work processes of your own organization or in organizations recognized as models for your own organization's improvement. By selecting an appropriate benchmark service or process, the HR manager helps the organization establish priorities and targets for improvement. The team that evaluates each benchmark practice should include the people who will be performing the improved work processes (see Chapter Twenty-Seven) (International City/County Management Association, 1993).

**Brainstorming.** A simple but effective data-gathering tool for needs assessment. A group of managers and employees is assembled by a facilitator such as the HR manager. The group is presented with a clear, well-worded question or issue on which the facilitator wants the group's best ideas. After a silent writing period during which participants list their ideas, the facilitator writes the ideas on a flipchart during a round-robin discussion. The participants then combine items and delete duplicate items. The ideas are typed, categorized, and analyzed as data gathering for the strategic planning exercise proceeds.

**Cost-Benefit Analysis; Cost-Effectiveness.** A means of tapping the economic efficiency of a program, that is, the extent to which social benefits outweigh the social costs. All costs and benefits associated with a particular program or activity are identified and then expressed in terms of monetary units. Cost-benefit analysis often examines the cost variances associated with differing alternatives. It can provide detailed information on the costs and benefits associated with various alternatives. Cost-effectiveness differs from cost-benefit analysis in that it focuses on the efficacy of a particular program or activity in terms of outcomes or outputs. In cost-effectiveness analyses, inputs are typically expressed as money, but outputs are not (for example, training program A will cost about \$750 for every worker trained).

**Document Analysis.** The review, summary, and integration of various organizational documents and reports to provide an overall view of the organization. Analyzing previous reports and minutes can result in an excellent understanding of the organization. It can also produce a timeline of significant events that provides a context for the organization's evolution.

**Elite Interview.** An interview with a top manager or key unit head. Such interviews are an important source of information for the strategic planning effort. They should be conducted by the HR manager or an experienced organizational analyst. The interview begins with a few structured questions designed to gather information about the organization, its work processes, and its mission and vision. Sufficient time should be allowed to pursue the interview in unexpected directions as the topics are explored. A transcript of the interview should be produced as soon after the session as possible.

**Focus Group.** A session that elicits in-depth views from small groups of participants (eight to twelve) about a limited number of highly focused topics (Witkin and Altschuld, 1995). The session leader begins a round of introductions, warms up the group with a general question on the topic, and then solicits responses from each participant in turn. An assistant records the responses in summary form and in a way that all participants can see the summaries. In succeeding rounds of discussion, the leader presents two or

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**Exhibit 28.1. Useful Tools for Identifying Vision, Values, and Mission, Cont'd.**

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three more narrowly focused questions and repeats the process of clarifying and recording responses. The purpose is to get a range of viewpoints, not to achieve consensus. All opinions are valid, and the leader should be encouraging and supportive in order to gain full and candid participation. Soon after each session, the leader and assistant compile the responses, arrange them into any obvious themes or categories, and feed the results back to participants, stakeholders, and other interested persons in the strategic planning process.

**Forecasting.** Examining current and past trends to predict future occurrences. For example, future crime trends and demands on police departments can be forecast by examining past crime occurrences. Forecasting in areas such as budget allocations, employee turnover, and demands for service delivery can guide the planning cycle. Naturally, the accuracy and usefulness of forecasting depends heavily on the quality of the available data.

**Gap Analysis (Discrepancy Analysis).** An examination of clearly defined gaps between actual practice and a performance standard. The premise is that any problem is a deviation from a performance standard, whether the standard is clearly stated or not. By focusing on the performance gap, the HR manager and the planning team can determine the cause for the discrepancy and devise a solution, such as more skills training, better communication, or improved technology.

**Questionnaire.** A document of questions circulated to members of the organization for the purpose of collecting information. Questionnaire items may tap issues such as productivity and performance, organizational communications, morale, leadership, job satisfaction, or resource availability. Questionnaires allow the HR manager to collect information from a broad organizational spectrum, giving the HR manager an understanding of how the members of the organization perceive different work-related issues. Questionnaires also offer a relatively easy approach to tapping information from stakeholders external to the unit. Surveying customers or clients can provide valuable insights on the extent to which the organization is achieving its stated mission (see Chapter Twenty-Nine).

**SWOT Analysis.** An examination of *strengths, weaknesses, opportunities, and threats* (SWOT). The analysis is typically conducted by a management team, but focus groups of other employees can add to the effort. SWOT analysis is conducted by an experienced facilitator who leads the team systematically through discussions of the SWOT factors for the unit or the organization as a whole. The analysis typically lasts two to four hours.

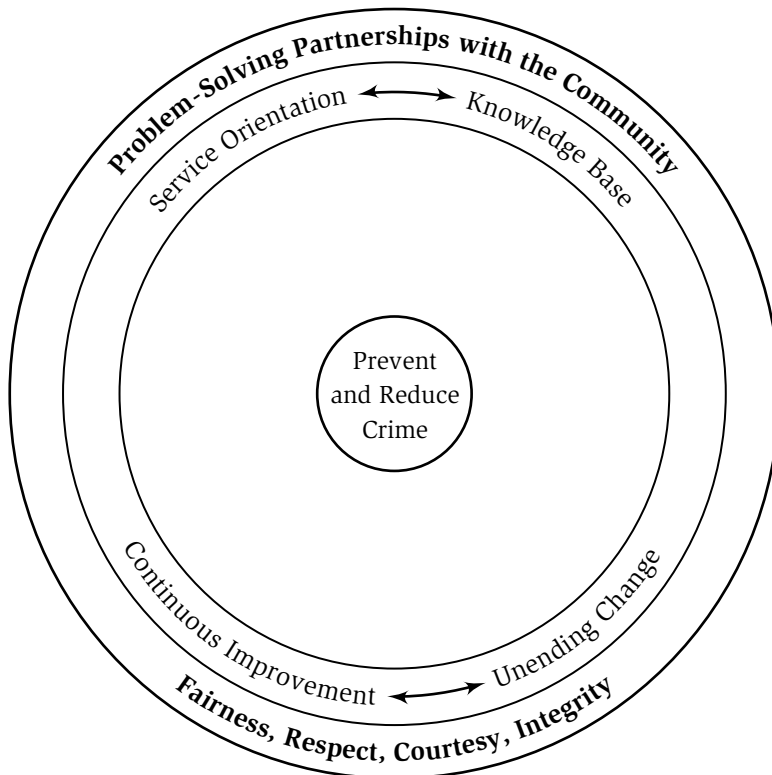
**Vision Analysis.** An examination of the vision, of “where we want to be in the future” (in contrast to the mission, which states the organization’s purpose and its fundamental business). Vision analysis is most often conducted by top management with the assistance of consultants, including the HR manager. After a statement of the “vision of excellence” is adopted, the role of the HR manager and top management is to share the vision with employees, customers, and community members and gain their enthusiastic support.

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Figure 28.3 depicts how a police department began to employ the planning wheel concept. Ring 1 identifies the department's values and vision. The department values fairness, respect, courtesy, and integrity. The department vision is to develop problem-solving partnerships with the community that will ultimately influence the primary mission depicted in ring 4, to prevent and reduce the occurrence of crime. Rings 2 and 3 link the vision and values to the mission. Ring 2 illustrates the organization's primary work basis. The department does not manufacture a product but provides a service to the community. Because the focus is on solving and preventing crimes, much of the work is information- or knowledge-based. Thus the organization too is knowledge-based. It also focuses on continuous improvement in service delivery. Ring 3 is refined in the strategic planning step discussed later.

To develop a combined mission and vision statement, the police department used a combination of top-command staff brainstorming sessions and focus

Figure 28.3. A Police Department Planning Wheel (Rings 1, 2, and 4).



groups of mid-level supervisors. The command staff were asked to respond to the following questions:

What is the nature of our business?

What is community-oriented policing?

What are our core values?

What key results do we wish to achieve?

What conditions and indicators will we use to gauge our success?

From this exercise, a mission statement was drafted by a team of department managers. Then the supervisor groups were asked to identify the ways in which their respective units related to and contributed to the department's success in achieving its mission. In crafting their vision, values, and mission statements, the police executive staff relied on a number of brainstorming sessions, focus groups, and retreats. Once this foundation was set, the department shifted its attention to developing its strategic plan.

### **Step 2: Develop a Long-Range Strategic Plan**

The *strategic planning process* is best described as an activity that ensures that the organization's mission is met. The strategic plan acts as a link between the mission and its accomplishment through daily activities. The plan serves as a bridge, providing guidance on where and how work activities should proceed to achieve goals.

In the planning cycle, managers rely on two forms of planning: *strategic planning* and *operational planning*. Strategic planning differs from operational planning in that it has a longer horizon and does not usually identify specific objectives that easily translate into daily operations. Strategic plans typically identify the three- to five-year goals of the organization. Strategic plans set the theme for the organization and help ensure that the mission is achieved. The strategic plan provides a framework for the development of operational plans; it serves as a link between the mission and daily operations.

It is the responsibility of top management to formalize the strategic plan; it is the responsibility of top management, middle management, and field operation personnel to develop the strategic plan. The importance of involving every level of the organization in the development of the strategic plan cannot be overstated. Participation throughout the organization is absolutely necessary to make sure that operational plans will be developed and implemented to advance success.

The strategic planning process assesses the current environment and determines where the organization needs to concentrate efforts for the coming three to five years. The central purpose of the strategic plan is to identify the goals that promote and support the organization's mission and values. The planning process includes these specific steps:

- Identify five to eight key strategic arenas where work activities should concentrate for the coming three to five years (the strategic plan focuses on issues that require multiyear efforts).
- Document goals of these key strategic arenas, and recruit an organizational champion to oversee the implementation process.
- Identify long-term objectives for achieving each of the goals.
- Communicate and publish the goals and objectives throughout the organization (probably with a cross-functional effort and involvement from every section of the organization; Morrissey, 1995).

Identifying and analyzing the key strategic arenas is by far the most difficult and time-consuming component of the strategic planning process. In importance it is second only to actual implementation because it sets the long-term direction for the organization. It involves conducting a critical issues analysis of all the arenas, identifying all potentially strategic arenas, prioritizing the arenas in order of importance, analyzing each of the arenas for gaps that might affect meeting the organization's mission, and finally, selecting the five to eight goals that should drive the organization's activities for the coming three to five years.

The role of the HR manager here is to facilitate the strategic planning process and to help members of the organization identify critical issues, uncover gaps, and prioritize goals. The major focus is to keep the process on track and to assist and support members as they move through the activities. As part of these facilitation activities, the HR manager can serve as a trainer and a data analyst.

Several tools are available to assist the HR manager in this phase. The manager may choose to conduct individual interviews, focus groups, or surveys to uncover information. Often the strategic planning process will rely on a series of retreats to develop the plan. Tools such as nominal group techniques, surveys, and elite interviews provide a good mechanism for uncovering information during retreats. Retreats are often used to confirm previously collected information and to build consensus on future directions to pursue. As the analyst begins to uncover information pertaining to the third ring, or the functional arenas, gaps between what the organization is doing and what it should be doing to achieve its mission will be identified. It is these gaps that provide the basis for the strategic plan. Organizational members should set their sights on addressing the identified gaps and bringing the arenas into closer alignment with the organization's vision, values, and mission. Once the critical issues analysis is complete and the gaps have been identified, goals can be written for the coming three to five years, and each of the goals can be assigned to an organizational champion, someone who can assist with the development of the operational plan and ensure that the goals translate effectively to work processes.

In assessing the needs of the organization, its members, and its various client groups, a simple principle should be followed: when you want to know what

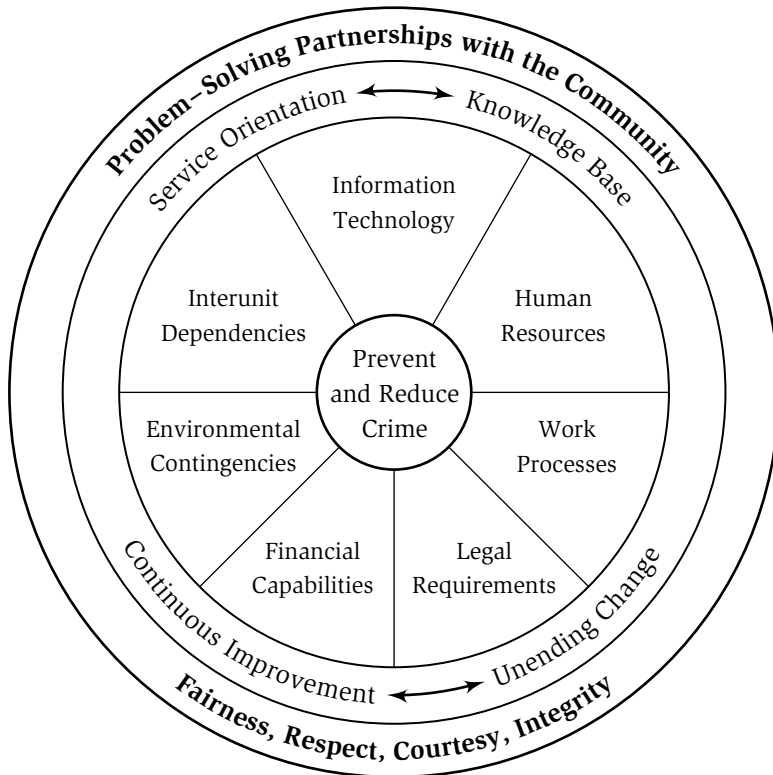
people need, ask them. The two most commonly used tools for this purpose are *surveys* and *group analysis*. Each tool consists of many techniques, and its success depends on systematic, objective data gathering. Focus group sessions, for example, are intended to elicit in-depth views from small groups of participants (eight to twelve) about a limited number of highly focused topics (Witkin and Altschuld, 1995). Some care should be given to setting up the groups so that a representative cross section of the organization or the community is achieved by the time all groups have provided input. Within each group, however, the individuals can often share a common perspective: they can be members of the same unit within the organization or individuals with the same functional specialty, for example.

The HR manager who acts as a focus group leader contacts participants well in advance to request their assistance and to inform them of the purpose of their participation. During the session, the leader begins a round of introductions, warms up the group with a general question on the topic, and solicits responses from each participant in turn. An assistant records the responses in summary form in such a way that all participants can see the summaries. In the succeeding rounds of discussion, the leader presents two or three more narrowly focused questions and repeats the process of clarifying and recording responses. The purpose of the focus group session is to get a range of viewpoints, not to achieve consensus. All opinions are valid, and the leader should be encouraging and supportive in order to encourage full and candid participation. Soon after each session, the leader and assistant compile the responses, arrange them into any obvious themes or categories, and feed the results back to participants, stakeholders, and other interested persons in the strategic planning process.

Turning once more to the police department case study, Figure 28.4 depicts the department's planning wheel with the rings complete. Ring 3 identifies the primary arenas that affect the police department's ability to promote its values and achieve its mission. They are the most critical factors that affect the department's ability to achieve its mission. In essence, these arenas reflect the resources available to the organization for achieving its mission. However, as we shall discuss, the central concern is to examine how these resources align with promoting the mission. Ultimately, the human resource manager will assist management with examining the resources, or arenas, to determine if in fact the resources assist in achieving the mission or if they actually constrain mission attainment.

As mentioned, the arenas will vary by organization. For the police department, the key arenas identified were information technology, human resources, work processes, legal requirements, financial capabilities, environmental contingencies, and interunit dependencies. Each of these arenas was identified as a factor that influences the department's ability to achieve its mission.

Figure 28.4. Police Department Planning Wheel (Rings 1 Through 4).



In this setting, the role of the human resource manager was to assist the department in identifying the arenas. The HR manager relied on brainstorming activities, individual interviews, and several focus group sessions to collect the information. Further, examinations of crime trends and personnel trends and budget analyses were conducted to assist with the process. The HR manager assisted the department in examining each of the key arenas to determine if there were any gaps or areas of concern that might negatively affect department values and mission. In essence, the HR manager assisted management in identifying among the arenas the respective strengths and weaknesses in promoting the organization's values and mission. The planning wheel served as an important tool for focusing thoughts and crafting the strategic plan, and the process relied on input from a variety of organizational members. For example, budget analysts provided financial information, and crime analysts provided crime trends. Here the role of the HR manager was to work with management to identify

what information was needed and to assist in coordinating the data collection effort. Because the arenas the police identified are common to many organizations, the following discussion elaborates on how these arenas influence mission attainment.

To sum up, the arenas were distinguished, their relative strengths and weaknesses for supporting the mission were assessed, and the goals were identified and prioritized.

**Information Technology.** More and more organizations are relying heavily on information technology to support their work activities. Unfortunately, in some instances, work processes and activities have evolved to fit poorly defined information technology. The extent to which technology impedes or facilitates the work efforts and the achievement of the goals of the strategic plan is of vital importance to most organizations. In the police example, the existing technology was not designed to collect information on multiple suspects, and the computer system allowed the entry of only one suspect description when a crime occurred. Therefore, when a rape or homicide investigator was investigating a case with multiple suspects, it became necessary to conduct a hand search through hundreds of paper files. In this case, the technology impeded attainment of the department's problem-solving vision, its knowledge-based orientation, and its mission to reduce and prevent crime.

**Human Resources.** The HR manager serves as a key resource to the strategic planning process. From human resource planning and forecasting to recruitment, selection, training, and development, the HR manager is involved in virtually every aspect of the effective management of people. Performance appraisal and reward systems are additional areas of expertise that the HR manager contributes to the organization's long-range strategy for enhancing effectiveness. In addition to carrying out the traditional tasks of the HR department, today's HR manager also assists in the development of organizational design and management style and in team building. The goal is to ensure that every member of the organization understands his or her roles and responsibilities and how they relate to the overall mission. The HR manager also helps diagnose and solve communication problems, both vertically across levels and horizontally among units, which is a critical prerequisite to the strategic planning effort.

**Work Processes.** As management examines the strategic needs of the organization, it must ask whether there is a need for redesigning current work operations. Attention should focus on the extent to which the work operation affects employee motivation, satisfaction, effectiveness, and efficiency. Attention should also focus on which aspects of each job need improvement. Process improvement focuses on the extent to which operational processes require reengineering



or redesign to improve the fit between daily work and achievement of the organizational mission. Process improvement involves mapping current work processes as they are conducted and examining them for their fit with the goals of the strategic plan. Such mapping often identifies areas where the work effort does not mesh with the goals. It can also locate areas where work activities can be streamlined through new procedures or enhancements in technology.

Members of the police department had a deep sense for how work processes were conducted and believed that tremendous gains could be achieved by re-designing the work processes to fit their mission. For example, in one work process, routine field reports were collected by one group of officers, reported to the sergeant, filed with the district captain, and catalogued by administrative personnel. Instead, investigators wanted the officers to enter the field information directly into a laptop on the scene and transmit it to a database, making the report available to all appropriate individuals in a fraction of the time.

**Legal Requirements.** Both public and private organizations encounter legal requirements that drive many of their daily routines. For example, the Americans with Disabilities Act of 1990 and the Family and Medical Leave Act of 1993 have changed the way the police department has approached advertising and recruitment, testing and placement, job design, and work scheduling.

All managers are encouraged to examine the extent to which the presence or absence of various legal requirements impedes mission attainment. If conflict occurs between the mission and the presence or absence of legal requirements, management may choose to incorporate into the strategic plan an action item for lobbying for legislative reform. In addition, when legislative mandates supersede agency procedures, management must consider how it can develop processes that will balance compliance with the legislative requirements and management's need to achieve the organization's mission. Turning once more to the police department case study as an example, several police agencies are actively lobbying for gun reform legislation to help reduce the occurrence of violent crime.

**Financial Capabilities.** The next common arena focuses on the organization's financial strengths or limitations for achieving its mission. Organizations often experience cyclical swings in the availability of financial resources. The role of the HR manager again is to focus managers' thoughts on whether the managers anticipate financial resource constraints on achieving their mission. If management foresees certain problems looming on the horizon, the strategic plan may incorporate activities to help address shortfalls. Moreover, attention should be given to how costs are allocated. For example, an analysis of the police department budget showed that 85 percent of expenditures were in human capital. Therefore, management felt that strides in streamlining work processes would assist the department in achieving its mission to reduce crime.

**Environmental Contingencies.** Environmental contingencies are any external factors that might influence the organization's ability to achieve its mission. For example, in the health care arena, officials might examine the annual number of births to forecast staffing requirements to meet childhood immunization needs. Although a host of external contingencies may influence the organization's ability to achieve its mission, managers are typically very astute in understanding and reacting to the external forces that drive their work activities. The role of the HR manager in this arena is to shed light on any external contingencies that might prove problematic over the coming three- to five-year time frame for achieving the organization's mission and to help managers focus on those factors. For example, if the demographic profile of the police department's community were to change dramatically, perhaps with an increase of Hispanic residents in the city, the department might add to its objectives the hiring of bilingual officers or interpreters.

**Interunit Dependencies.** Private and public agencies must often deal with complex interdependencies; this is especially true for police departments. An interdependent situation occurs when the actions of two or more units are required to achieve the mission of the organization. One of the roles of the human resource manager at this point is to help managers identify where these interdependencies occur and if they are in conflict. For example, both police and district attorney's offices play a large role in the reduction of crime. However, the two agencies may have very different approaches for achieving their shared goal or mission. Police are often frustrated by district attorneys who plea-bargain cases, and district attorneys are frustrated by police officers who view arrest as the only recourse for solving crime-related problems. The extent to which the interdependencies conflict and therefore impede mission attainment must be identified. If management decides to focus activities on resolving the conflict, the strategic plan may dedicate resources to that effort.

**The Police Department's Arenas.** The police department in our example identified three arenas that demanded ongoing attention: information technology, human resources, and work processes. It noted gaps in each of these arenas and developed three- to five-year goals for addressing the shortcomings. How exactly did the department identify and collect the information and make the efforts elaborated in the discussion of the arenas?

It began with a one-day retreat whose attendees came from every level and unit in the department. The scheduled activities explained how to develop a strategic plan and how to identify critical issues. They also incorporated a brainstorming session in which participants were encouraged to identify the arenas and issues that support many of their activities. After this initial retreat, the participants split into four working teams, and each team was assigned one or more

arenas. The teams were asked to meet separately over the coming months to collect information on the strengths and weaknesses of their arena or arenas as they related to the vision, values, and mission of the police department. Once the strengths and weaknesses had been identified and documented, the draft of a report was circulated throughout the organization for additional comments and feedback. The police department then convened a second retreat to review the draft and feedback. It was this retreat that then identified the arenas of human resources, information technology, and work processes as the ones that needed attention. The original four teams were then mixed, and four new teams were established. Each group was assigned specific areas within one of the three arenas and was asked to meet and report back with three- to five-year goals to align these areas with the mission, values, and vision. (For example, a goal one team developed was to provide tools to patrol officers that would assist with solving community problems.) After developing the goals, the teams reconvened to debate the goals and formalize them for adoption. Each goal was then assigned to an organizational champion, someone who would facilitate, nurture, and promote attainment of the goal.

### **Step 3: Develop an Operational Plan and Measurable Objectives for Each Goal**

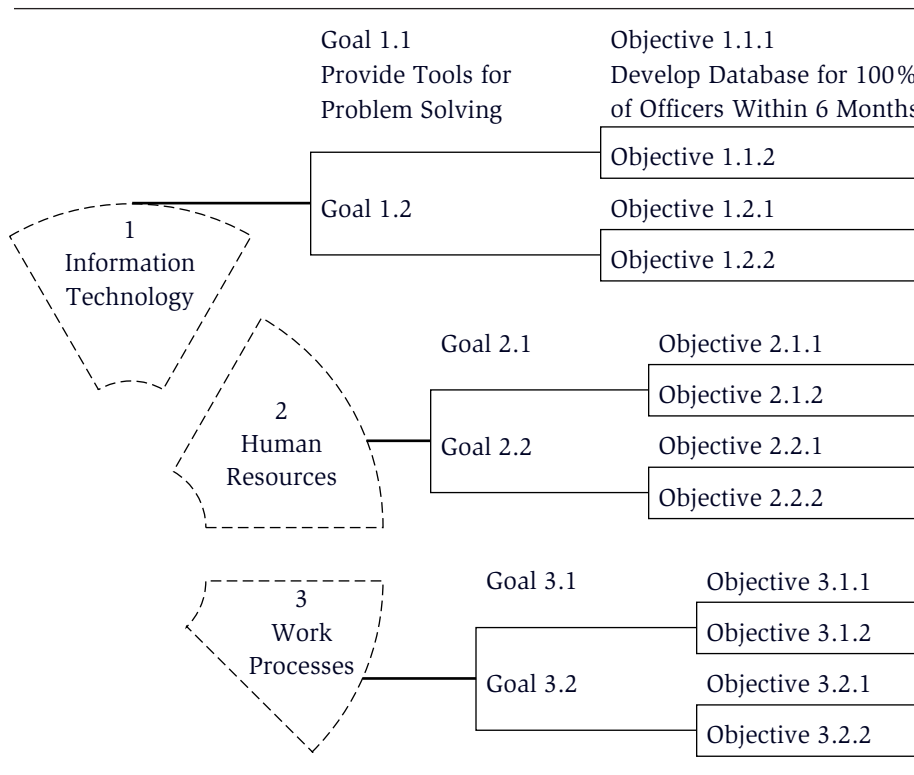
The *operational plans* (sometimes referred to as *tactical plans*) identify specific objectives for achieving each of the goals identified in the strategic plan. Operational plans provide the mechanisms for achieving the goals of the strategic plan. In its entirety, the organization has identified its vision for its mission and values. The strategic plan identifies specific three- to five-year goals for achieving the mission. The operational plans identify specific concrete objectives to achieve those strategic planning goals. These concrete objectives should translate easily into work operations. The strategic plan tends to address what the organization wants to accomplish; operational plans focus on what needs to be done to achieve what the organization wants to accomplish. Operational plans also differ from the strategic plan in that they have a shorter horizon, typically one year, and they are continually monitored for the extent to which they successfully accomplish the goals of the strategic plan.

It is within the context of the one-year operational plans that an organization achieves flexibility and adaptability to both internal and external needs. The operational plans become living documents as they constantly undergo revision and modification to promote the strategic plan and vision more effectively. The operational objectives should be measurable and verifiable. They should center on achieving the goals of the strategic plan, and managers should pay constant attention to whether the objectives are attainable. Their attention should also focus on the costs of implementation, in both time and materials. Above all, the operational plans should be consistent with the rest of the strategic plan. The

daily objectives and work processes that an operational plan identifies should be those that will see the strategic plan through to completion. The role of the HR manager in this step is to assist each unit with facilitating meetings, ensure that appropriate information is collected, and provide expertise and guidance to the work teams.

As mentioned previously, in the police department case, an organizational champion was assigned to each goal. This individual worked with the HR manager and various units in the department to develop objectives that would translate the goal into everyday work activities. The HR manager assisted in the development of both measurable objectives and evaluation criteria for determining if those objectives had been met. For example, to meet the goal of providing tools to the patrol officer that would help in solving community problems, one objective was to develop a problem-solving database of the available nonprofit and government resources for addressing community problems. The database was to be developed and available to all officers within six months. Figure 28.5 presents an expanded view of step 3 of the police planning cycle that includes this strategic goal and its operational objectives.

Figure 28.5. Detail of Step 3 of the Police Department Planning Cycle.



### Step 4: Implement the Operational Plans

The *implementation* of an operational plan will include many tasks for the human resource manager. New and revised work processes will require recruitment and selection of staff, orientation and training, and position allocation among the various units. As the new work processes are incorporated into the organization's routine, the HR manager will help revise and develop performance measures, monitor performance appraisals, and use the results to enhance further training and development efforts. To provide incentives for optimal staff performance, the HR manager will work with unit heads to implement the classification and compensation system chosen during the strategic planning phase. Many jurisdictions have moved toward broadbanding systems (see Chapters Twenty-Five and Twenty-Six) to allow more flexibility in managing pay scales, promoting and transferring staff, and introducing pay-for-performance incentive systems. In addition, the HR manager will be a consultant to managers dealing with motivational and discipline issues as the operational plan is fully implemented.

### Step 5: Monitor and Evaluate Operational Activities

Finally, the HR manager will assist other managers in the organization to devise *monitoring* and *evaluation* elements with which to regularly and systematically gauge progress toward matching units' day-to-day activities to the objectives of the operational plans and the goals of the strategic plan. Sophistication in the evaluation processes will vary greatly, from Total Quality Management and continuous quality improvement-process improvement measures to simple percentage change graphs and bar charts. Most important, the HR manager can help the operational managers focus on cost-effectiveness as well as efficiency, quality, and quantity. Customer satisfaction surveys, complaint processing, and before-and-after comparisons are a few of the evaluation tools especially suited for measuring effectiveness in achieving an organization's goals and objectives. Table 28.1 provides an overview of the various tools employed in different stages of the business planning cycle (the tools are defined in Exhibit 28.1).

## AVOIDING PITFALLS IN THE PLANNING CYCLE

The human resource manager needs to be sensitive to the potential pitfalls and hurdles the organization may encounter throughout the planning cycle. He or she will want to identify and troubleshoot potential problems as early as possible.

Sylvia, Meier, and Gunn (1991) identify some of the major hurdles encountered in the planning process, such as difficulties in achieving consensus on

Table 28.1. Tools Employed in the Planning Cycle.

Planning Cycle	Tools										
	Benchmarking	Brainstorming	Cost-Benefit Analysis	Document Analysis	Elite Interviews	Focus Groups	Forecasting	Gap Analysis	Questionnaires	SWOT Analysis	Vision Analysis
Step 1: Identify the organization's vision, values, and mission		✓			✓	✓			✓		✓
Step 2: Develop a long-range strategic plan		✓	✓	✓	✓	✓	✓	✓	✓	✓	
Step 3: Adopt an operational plan and measurable objectives for each goal				✓		✓		✓		✓	
Step 4: Implement the operational plan	✓					✓					
Step 5: Monitor and evaluate operational activities	✓		✓					✓			

strategic goals and disagreement on the relative importance of the gaps identified or on how to correct these gaps. In essence, the strategic plan records how future resources will be allocated. By explicitly stating that resources will be dedicated to some areas, it implicitly identifies the areas that will not be elaborated. Political constraints on goal consensus often surface in the planning process. Attention must also focus on the means by which the ends or goals are achieved. The values of the organization should serve as a constant litmus test for both the end product and the means by which that product is achieved.

The tendency to oversimplify problems in order to reach consensus or to move the process along is another potential planning cycle pitfall. Managers may gloss over the complexities that will be required to implement the goals. Again, the planning group should include a broad spectrum of employees from every level of the organization so that such complexities can be called to the managers' attention. Another barrier to effective planning is the desire to move through the process too fast. Managers may not devote adequate attention to identifying the key strategic areas or the investment required to implement the goals. The HR manager may also witness problems of cognitive nearsightedness. Management may wish to focus on short-term patches rather than on long-term corrections.

In some instances, the HR manager may encounter information constraints. Timely, accurate, and adequate information may not be available. Budgetary or personnel requirements may not be available in the format that would fully reveal the degree to which the organization manifests different gaps or problems. Managers may be unwilling to provide information about shortcomings because they fear reprimand. The HR manager should be astute to these potential problems and, if they are encountered, provide a mechanism to assist the organization past the hurdle.

Finally, according to Mintzberg (1994), two primary failures of participation can derail any planning process: the first is grounded in management and the second in the organizational climate. In other words, strategic planning depends for its success on the active support of both management and the organization's broad membership.

The HR manager should be sensitive to all the issues described here and should help organizational leaders understand these potential pitfalls and prevent them from occurring.

## CONCLUSION

Human resource managers play a crucial role in the overall functioning of organizations. Their role as consultants to managers throughout the organization provides substantial support in planning and process improvement. Human resource managers have become integral role-players in organizational planning

and in helping managers avoid the pitfalls that threaten success. Today's human resource managers provide a valuable service to managers as they develop and implement their strategic and operational plans for organizational success.

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# A Guide to Practical Human Resource Research

Gary E. Roberts

Human resource (HR) management policy and practice are improved when practitioners incorporate formal research tools into the decision-making process (Clardy, 1997). A variety of methods are available to generate information on employee attitudes, behaviors, and performance. HR professionals rely on an assortment of sources when making decisions, including professional training and education, organization-specific and general work experience, personal observation, anecdotal reports from employees and managers, and management archives. For some routine and well-defined decisions, this list of traditional sources is sufficient. For the vast majority of significant HR managerial and policy decisions, however, the conventional information sources are deficient and require supplementation with HR research tools to generate the data and information needed for a comprehensive analysis. Practitioners frequently make the mistake of generalizing inappropriately from the limited information gathered from established sources and hence fail to discern changing organizational circumstances.

## PROBLEM DEFINITION

HR decision making is conducted under varying degrees of uncertainty. The foundation for solving HR problems such as high employee turnover is accurately defining the problem. What are the real contributory factors? How can

we separate symptoms from true causal variables? For example, employee turnover is influenced by a host of factors in complex combinations. In the human services area, turnover among social workers is associated with such factors as job stress, emotional exhaustion, coworker support, and compensation satisfaction (Wright and Cropanzano, 1998; Gleason-Wynn, 1994). The relative and absolute influence of these variables on employee turnover varies greatly from one organization to another and from one moment in time to another.

Research tools such as exit interviews and focus groups help diagnose the specific contributory factors and their relative importance. Without the data and information that these tools generate, managers operate under a greater degree of uncertainty. For example, a manager may perceive that the most important factor contributing to turnover among social workers is low pay. Yet even after salaries are raised, turnover rates may remain high if low pay is *not* the most important causal factor. Social workers may be willing to accept less competitive salaries if they are able to improve the lives of clients and are granted the autonomy and respect associated with their professional status. A systematic problem definition process increases the probability of addressing the correct causal factor and choosing the appropriate solution.

## FORMATIVE AND SUMMATIVE EVALUATION

Another example of the value of HR research is the development and implementation of an employee performance appraisal system. Performance appraisal is one of the most complex and controversial HR processes, and research clearly indicates that an effective system requires significant employee and managerial input (Mohrman, Resnick-West, and Lawler, 1989; Roberts, 2002). User participation increases acceptance of, commitment to, perceived fairness of, and satisfaction with an employee performance appraisal system (Roberts, 2002). Design and administration input for such a system can be gathered from surveys, focus groups, and interviews. Questions can focus on obstacles to system effectiveness, both attitudinal (such as commitment, cynicism, or race and gender bias) and implementation-related (such as lack of time or inability to observe performance). A second round of data gathering can assess the effectiveness of system implementation, or what is termed a *formative evaluation*, to determine whether raters are consulting with employees according to system requirements, performance appraisal interviews and developmental planning and feedback sessions are being held, and employees are participating in setting goals (Roberts, 1996). These factors address the key question of whether the system was implemented as designed and whether it was afforded a reasonable chance for success. If not, what components diverged

from the original plans, and what was the effect on the program? What design components require adjustment?

The next step is a systematic *summative evaluation* (an assessment of the program's influence) to determine the effect of the appraisal system on employee motivation, development, and job performance (three key goals of an appraisal system). A thorough summative evaluation would use data from before and after appraisal system implementation (attitude surveys, interviews, focus groups, along with data on absenteeism, turnover, tardiness, grievance, and employee productivity) to gauge the program's impact and help rule out other explanations (*rival hypotheses*) for the system's effects.

## METHOD AND MEASUREMENT TRIANGULATION

A fundamental principle of research design underlying this approach is *method and measurement triangulation* (Isaac and Michael, 1981; Judd, Smith, and Kidder, 1991). Surveys, focus groups, and interviews have different strengths and weaknesses (Judd, Smith, and Kidder, 1991). A single performance measure is unlikely to assess all of the important elements (for example, standardized test scores to measure educational achievement). Any single method of gathering information and any lone measurement assesses only a portion of the construct and contains error that reduces measurement accuracy. To gain a more comprehensive picture of the measured variable, a valid research design employs multiple methods and measures. In our example with the performance appraisal system, an attitude survey may identify a problem with employee trust, but personal interviews and focus groups provide more specific and detailed information on the precise contextual factors that attenuate confidence in management. Employee attitude survey responses are frequently skewed by a whole host of factors that contribute to *response bias*, a condition in which employee answers fail to reflect their true beliefs (Bainbridge, 1989). For example, if they fear retaliation for criticizing management, they may "sugarcoat" their responses. (Research triangulation raises financial and administrative expense, but in most cases, the benefits of obtaining a more valid personnel decision-making information base outweigh the increased data-gathering cost.)

What follows is a discussion of some common methods and tools for conducting HR research. Surveys, interviews, focus groups, and data archives are fundamental methods for gathering information that are used singly or in combination with other sources and approaches. All four of these are used, with other sources, in a technique known as *return-on-investment* (ROI) analysis to provide evaluative and comparative information for managerial decision making. ROI analysis is described using a hypothetical example that illustrates its application.

## SURVEYS

Surveys are among the primary tools of social science research (Bowditch and Buono, 1982; Stoner, 1992; Fowler, 1993). A strength of the survey method is its inherent flexibility and its relative economy in the investment of organizational resources. Human resource professionals use surveys for a variety of purposes, including gathering information on employee attitudes (Balch and Blanck, 1989), assessing the impact or influence of a policy or program, assessing organizational change efforts (Woodward and Williams, 1987), and securing employee input (Standing, Martin, and Moravec, 1991), among other uses. It is important to keep in mind that employee surveys supplement, but do not replace, other measurement methods.

### Web-Based Surveys

Exhibit 29.1 presents the steps in developing and administering a typical employee attitude survey. The example assumes a traditional pencil-and-paper mail or in-person administration, but according to Thompson, Surface, Martin, and Sanders (2003), Web-based surveys are increasing in popularity. The advantages of Web-based surveys, they note, include greater respondent mobility in completing the instrument, decreased personnel and other administrative costs (for mailing, copying, and so on), increased speed and cost efficiency in processing and analyzing the data, an increase in data entry accuracy, and more timely feedback to employees. Web-based surveys possess a number of disadvantages as well, including higher initial development costs, inconsistent computer access by different groups of employees, errors introduced by lack of employee Internet and computer knowledge, potential ballot stuffing (filling out multiple surveys), and heightened employee concern of being identified. The decision to shift to a Web-based technology must therefore be done carefully. Web-based applications are most appropriate for organizations that use surveys on a regular basis, rather than in sporadic or isolated projects, due to the high development costs. It is usually more economical to purchase an existing survey software program than to develop a tailored program. Given the advances in computer technology and increased employee access, a higher percentage of future surveys will be Web-based.

The remaining discussion focuses on the main problems with the use of surveys. Readers who desire a more detailed discussion of survey design, administration, and analysis can consult a variety of detailed references from texts to journal articles listed in the reference section. A sample attitude survey is presented in Exhibit 29.2.

**Exhibit 29.1. Sample Employee Attitude Survey Schedule (Pencil-and-Paper Version).**

	Month					
	1	2	3	4	5	6
<b>Phase 1. Instrument development</b>						
Convene developmental task force of key stakeholders (HR, line and staff employees)	✓					
Set survey goals and objectives	✓					
Publicize survey	✓					
Conduct literature review in survey subject area and develop conceptual framework (model)	✓	✓				
Conduct interviews and focus groups to select subject areas and generate ideas for questions		✓				
Draft questions and cover letter		✓	✓			
Conduct pretest with a sample of population subjects			✓			
Make final revisions to instrument			✓			
Prepare code book				✓		
<b>Phase 2. Survey administration</b>						
Select sample				✓		
Print instruments				✓		
Distribute instruments					✓	
Distribute follow-up instruments					✓	
Code and enter data				✓	✓	
<b>Phase 3. Survey analysis</b>						
Analyze data					✓	
Complete preliminary analysis					✓	
Discuss with management					✓	
Complete final report					✓	
Distribute summary to employees					✓	
Conduct employee meetings and feedback sessions						✓
Assess the strengths and weaknesses of the survey process						✓
Make revisions to the process and instrument						✓

Source: Based on Verheyen, 1988. Copyright © August 1988 from *Training and Development Journal* by Verheyen, L. G. Reprinted with permission of American Society for Training and Development.

## Exhibit 29.2. Sample Employee Attitude Survey.

**INSTRUCTIONS**

**Read each question carefully and circle the response that best represents your views and opinions. Remember, there are no right or wrong answers. Your identity and responses will remain completely confidential and anonymous.**

**The following questions ask for your views and opinions related to supervision, performance appraisal, organizational change, trust, organizational effectiveness, and the relationship between performance and personnel decision making. Indicate whether you strongly agree (SA), agree (A), have no opinion (NO), disagree (D), or strongly disagree (SD) with the statement by circling the appropriate response.**

**Quality of supervision**

- |   |    |   |    |   |    |
|---|----|---|----|---|----|
| 1. My supervisor asks my opinion when a problem related to my work arises.                                      | SA | A | NO | D | SD |
| 2. My supervisor encourages subordinates to participate in important decisions.                                 | SA | A | NO | D | SD |
| 3. My supervisor insists that subordinates work hard and do quality work.                                       | SA | A | NO | D | SD |
| 4. My supervisor frequently provides specific performance feedback that helps me to improve my job performance. | SA | A | NO | D | SD |
| 5. My job duties are clearly defined by my supervisor.  | SA | A | NO | D | SD |

**Performance appraisal practices**

- |   |    |   |    |   |    |
|---|----|---|----|---|----|
| 6. My performance rating presents a fair and accurate picture of my actual job performance.                                   | SA | A | NO | D | SD |
| 7. My supervisor discusses with me the specific reason for the performance rating that I receive.                             | SA | A | NO | D | SD |
| 8. My supervisor considers the performance appraisal of his or her subordinates to be an important part of his or her duties. | SA | A | NO | D | SD |
| 9. The performance appraisal process establishes a clear plan for my training and development.                                | SA | A | NO | D | SD |
| 10. The performance appraisal process enhances my job performance.  | SA | A | NO | D | SD |

**Exhibit 29.2. Sample Employee Attitude Survey, Cont'd.****Organizational change, trust, and effectiveness**

11. I am told promptly when there is a change in policy, rules, or regulations that affects me.	SA	A	NO	D	SD
12. In this organization, authority is clearly delegated.	SA	A	NO	D	SD
13. It takes too long to get decisions made in this organization.	SA	A	NO	D	SD
14. When changes are made in this organization, employees usually lose out in the end.	SA	A	NO	D	SD
15. Employees do not have much opportunity to influence what goes on in this organization.	SA	A	NO	D	SD
16. Overall, this organization is effective in accomplishing its objectives.	SA	A	NO	D	SD
17. Employees here feel you can't trust this organization.	SA	A	NO	D	SD

**Relationship between performance and personnel decision making**

18. In this organization, good performance enhances my chances for promotion.	SA	A	NO	D	SD
19. In this organization, my work is clearly recognized.	SA	A	NO	D	SD
20. In this organization, if I do a good job I am likely to receive an above average pay increase.	SA	A	NO	D	SD
21. In this organization, good performance enhances my job security.	SA	A	NO	D	SD
22. I have confidence that the employee grievance process adequately protects my rights.	SA	A	NO	D	SD

**Job satisfaction and motivation**

23. My job makes good use of my abilities.	SA	A	NO	D	SD
24. My job is challenging.	SA	A	NO	D	SD
25. In general, I am satisfied with my job.	SA	A	NO	D	SD
26. In general, I like working here.	SA	A	NO	D	SD
27. Doing my job well gives me a feeling that I've accomplished something worthwhile.	SA	A	NO	D	SD

**Exhibit 29.2. Sample Employee Attitude Survey, Cont'd.**

28. My job gives me the opportunity to use my own judgment and initiative.	SA	A	NO	D	SD
29. I work hard on my job.	SA	A	NO	D	SD
30. I care little about what happens to this organization as long as I get a paycheck.	SA	A	NO	D	SD

**The work group**

31. I feel I am really part of my work group.	SA	A	NO	D	SD
32. My group works well together.	SA	A	NO	D	SD
33. If we have a decision to make, everyone is involved in making it.	SA	A	NO	D	SD
34. In my group, everyone's opinion gets listened to.	SA	A	NO	D	SD
35. Coordination among work groups is good in this organization.	SA	A	NO	D	SD

**Satisfaction with key job characteristics**

**How satisfied are you with each of the following factors? Circle VS if you are very satisfied, S if you are satisfied, SD for somewhat dissatisfied, VD if you are very dissatisfied or N if you are neither satisfied or dissatisfied.**

36. Job security	VS	S	SD	VD	N
37. Fringe benefits	VS	S	SD	VD	N
38. Salary	VS	S	SD	VD	N
39. Promotional opportunities	VS	S	SD	VD	N
40. Working conditions	VS	S	SD	VD	N
41. Tools and equipment	VS	S	SD	VD	N

**Employee feedback**

**The next series of questions asks for your views and observations on key issues.**

42. What are the most serious problems confronting the organization?
43. What specific suggestions do you have for solving the above problems or improving the quality of work life?



**Exhibit 29.2. Sample Employee Attitude Survey, Cont'd.****Employee demographics**

**Your answers to the following set of questions will help us interpret the results.**

44. Please circle your gender.

Male

Female

45. Please circle your race.

African American

Hispanic

White

Asian

Other

46. Please check your age category.

\_\_\_\_\_ 18–25

\_\_\_\_\_ 36–45

\_\_\_\_\_ 55+

\_\_\_\_\_ 26–35

\_\_\_\_\_ 46–55

47. How long have you worked in your current job?

\_\_\_\_\_ years

**THANK YOU FOR YOUR TIME AND COOPERATION!**

*Source:* Adapted from Office of Personnel Management, 1979.

## Survey Limits and Weaknesses

A clear understanding of the survey method's limitations is essential for avoiding misapplications. The main weaknesses of survey research are the various types of response bias that can reduce the reliability and accuracy (validity) of respondents' answers. The single most important step in eliminating or minimizing biasing factors is a thorough pretest. Exhibit 29.3 identifies common factors that attenuate survey reliability and validity (Judd, Smith, and Kidder, 1991; Fowler, 1993; Roberts, 1998; O'Sullivan, Rassel, and Berner, 2003).

## Application Examples

Periodic surveying of employee attitudes is important because of their association with critical human resource processes. For example, employee job satisfaction influences employee absenteeism and turnover (Rainey, 1991), and the degree of employee motivation affects work effort and productivity (Lawler, 1994). Employee surveys are extremely useful for gauging the effects of organizational interventions and are important organizational change and development tools (French and Bell, 1984). Examples of these kinds of applications include assessing employee perceptions and reactions to a new performance appraisal or merit pay system (Daley, 1988; Schay, 1988), the prevalence of sexual harassment (Merit Systems Protection Board, 1995), measuring the effectiveness

## Exhibit 29.3. Factors That Reduce Survey Reliability and Validity.

Survey Research Method Weaknesses	Strategies to Address Weaknesses
<b>Monomethod bias:</b> Using surveys as the sole source of information.	<ul style="list-style-type: none"> <li>• Employ other methods (interviews, archives) and sources (peers, customers) to supplement and verify results.</li> </ul>
<b>Low response rate:</b> A response rate less than 75 percent may reduce sample representativeness.	<ul style="list-style-type: none"> <li>• Complete a nonresponse analysis to determine the degree of variance from population values. Compare respondents on key variables (demographic, organizational) to nonrespondents.</li> <li>• Select a sample of nonrespondents for a phone survey or personal interviews, and compare results with survey respondents'.</li> </ul>
<b>Social desirability bias:</b> Respondents provide answers to promote a favorable image of themselves.	<ul style="list-style-type: none"> <li>• Include survey items that measure the presence of biased response patterns.</li> </ul>
<b>Hypothesis-guessing bias:</b> Employees provide answers based on what they believe the organization or the researcher desires instead of their true opinion.	<ul style="list-style-type: none"> <li>• Employ other methods (interviews, observations, focus groups) and compare response patterns.</li> </ul>
<b>Leading items:</b> Survey item wording or placement "coaches" respondents to provide answers that would not be elicited under normal circumstances.	<ul style="list-style-type: none"> <li>• Carefully pretest the survey instrument to identify leading questions and avoid influencing the respondent by the order of the items (specific questions before a global evaluation).</li> </ul>
<b>Low reliability:</b> Relying on single-source respondents (personnel directors, supervisor).	<ul style="list-style-type: none"> <li>• Increase the number of respondents to provide a more complete picture (360-degree feedback).</li> </ul>
<b>Low respondent motivation or lack of knowledge of subject matter:</b> Respondent lacks interest in the area or an incentive to respond or cannot provide an answer due to lack of knowledge.	<ul style="list-style-type: none"> <li>• Be receptive to adverse feedback (avoid reprisals and welcome differences of opinion).</li> <li>• Conduct an informational and educational campaign on survey benefits to stimulate interest.</li> </ul>

Exhibit 29.3. Factors That Reduce Survey Reliability and Validity, Cont'd.

Survey Research Method Weaknesses	Strategies to Address Weaknesses
	<ul style="list-style-type: none"> <li>• Involve respondents in survey design and administration. Conduct careful sample selection and pretesting.</li> <li>• Conduct a respondent motivational assessment as part of the pretest.</li> <li>• Write a clear cover letter explaining the survey's goals and objectives to generate interest.</li> <li>• Explicitly guarantee respondent confidentiality and anonymity.</li> <li>• Reverse-code items to assess random response patterns or a lack of variance (for example, if respondent agrees to all items irrespective of true feelings).</li> <li>• Provide timely access to survey results.</li> <li>• Communicate results and gather employee feedback.</li> <li>• Communicate actions taken as a result of the survey data.</li> </ul>
Poor Survey Design Issues	Pretest and Design Strategies
Inappropriate language and literacy levels	<ul style="list-style-type: none"> <li>• Ensure that the respondent's literacy levels match survey requirements. Keep the wording as simple as possible.</li> </ul>
Use of jargon	<ul style="list-style-type: none"> <li>• Minimize the use of jargon, and provide clear definitions when appropriate.</li> </ul>
Ambiguous wording	<ul style="list-style-type: none"> <li>• Clearly define all terms to avoid wording open to multiple interpretations.</li> </ul>
Using biased terms	<ul style="list-style-type: none"> <li>• Substitute neutral terms (for example, instead of <i>boss</i>, use <i>supervisor</i>; instead of <i>bureaucrat</i>, use <i>government worker</i>).</li> </ul>
Complicated response demands: If the instrument requires a considerable investment in psychic energy and external research, only highly motivated employees will respond.	<ul style="list-style-type: none"> <li>• Conduct careful pretesting, and allow estimates.</li> </ul>

**Exhibit 29.3. Factors That Reduce Survey Reliability and Validity, Cont'd.**

Poor Survey Design Issues	Pretest and Design Strategies
<b>Incomplete expression of alternatives</b>	<ul style="list-style-type: none"> <li>• Avoid incompletely expressing response alternatives, as this reduces survey accuracy.</li> <li>• Conduct careful survey development and pretesting based on interviews, focus groups, and literature searches.</li> </ul>
<b>Double-barreled questions:</b> Two distinct concepts within the same question that are best addressed separately.	<ul style="list-style-type: none"> <li>• Divide into two separate items.</li> </ul>
<b>Excessive mixing of subject areas or response formats:</b> Mixing increases the complexity of the survey and its length.	<ul style="list-style-type: none"> <li>• Group together questions that address the same topic.</li> <li>• Maintain the same response format for each section.</li> </ul>
<b>Unclear transitions and lack of introductions:</b> These problems reduce respondent motivation and understanding.	<ul style="list-style-type: none"> <li>• Design and pretest to ensure that each section is explained clearly.</li> </ul>
<b>Response bias due to question order:</b> Question sequencing can lead to higher issue saliency, distorting respondent answers (for example, specific questions on the sources of job satisfaction before a general job satisfaction question).	<ul style="list-style-type: none"> <li>• Conduct careful pretesting.</li> </ul>
<b>Lack of control over the order in which the respondent answers the questions:</b> This can lead to a sensitization that changes respondent thought patterns and answers.	<ul style="list-style-type: none"> <li>• Clearly specify in survey directions the importance of answering questions in sequence.</li> </ul>
<b>Poor placement of demographic questions:</b> Questions regarding race, sex, age, and so on placed at beginning of the survey reduce interest and may lead respondents to question the motives and purpose of the survey (fearing loss of anonymity or confidentiality).	<ul style="list-style-type: none"> <li>• Place demographic questions at the end of the survey, and clearly explain their necessity for interpreting the results.</li> <li>• Explicitly guarantee anonymity and confidentiality.</li> </ul>

**Exhibit 29.3. Factors That Reduce Survey Reliability and Validity, Cont'd.**

Poor Survey Design Issues	Pretest and Design Strategies
<b>Inadequate assurance of anonymity and confidentiality:</b> Respondents who are concerned about anonymity and confidentiality are less likely to complete the survey or provide accurate answers.	<ul style="list-style-type: none"> <li>• Make a clear commitment to privacy in the cover letter and the survey instrument.</li> <li>• Use no code numbers or identifiers on the instrument.</li> <li>• Use a third party to collect and analyze data.</li> <li>• Allow surveys to be dropped off at kiosks or returned by mail.</li> </ul>

of a gainsharing program (Hauck and Ross, 1988), and assessing the effects of a change in work design (Woodward and Williams, 1987). Surveys are useful vehicles for enhancing employee input and organizational identification. The survey process sends a clear message that employee opinions are important, especially if the organization acts on the results. The very act of completing a survey can release employee tensions, thereby facilitating organizational problem solving (French and Bell, 1984).

After initial data analysis, Stoner (1992) recommends that the analysts prepare a preliminary report for top management and, after final analysis, prepare a summary giving employees the opportunity to review the final report. After dissemination of the written results, employees should have the opportunity to react to them in a meeting or discussion group. The discussions should focus on the survey's accuracy and relevance and also solicit specific problem-solving suggestions.

The employee attitude survey is not a substitute for genuine employee input and dialogue. Employees become quickly disenchanted and disillusioned if the organization fails to communicate survey results and take concrete actions. Stoner (1992) points out that management has to be very careful to avoid raising false employee hopes or expectations and must select survey subjects judiciously. Mentioning certain issues may exacerbate conflict if they are not practically or politically resolvable. The key is the clear communication of reasonable goals and objectives. The attitude survey supplements other more substantive methods for increasing employee-employer communication and input and cannot function alone.

### Summary of Survey Strengths and Weaknesses

Surveys in written or Web form have a number of advantages, including relatively low cost; flexibility in design and administration; avoidance of interviewer bias, whereby answers are influenced by the characteristics of the interviewer; reduced

pressure for an immediate response, allowing more time for reflection or re-search; and a greater sense of anonymity or confidentiality (Judd, Smith, and Kidder, 1991). Their weaknesses include the issues mentioned in Exhibit 29.3, such as low response rates, response bias, and design issues. These weaknesses can be addressed through careful survey design and administration.

## INTERVIEWS

The interview is a basic and effective human resource research tool. Interviews provide an opportunity to gain in-depth information, confirm information from other sources (surveys or focus groups), generate two-way communication, provide the opportunity to probe and follow up on comments, and overcome resistance and suspicion with respect to certain subjects (Judd, Smith, and Kidder, 1991). The disadvantages of interviews include the presence of reactive effects (social desirability bias and hypothesis-guessing behavior), the high demands they place on respondents (memory, clarity of presentation), and high administrative costs, especially if a large number of interviews are to be conducted (Judd, Smith, and Kidder, 1991).

There are three types of interviews: *unstructured*, *semistructured*, and *structured*. An *unstructured interview* follows a general theme, but the questions and direction of the interview are open-ended. It requires the most training and experience to be effective, given the difficulty of conducting and analyzing the results (Judd, Smith, and Kidder, 1991). From an employee standpoint, it can be a therapeutic process, but like therapy, the tone and direction are unpredictable and can be damaging if the interview surfaces dysfunctional anger or conflict. The *semistructured interview* provides a core set of questions that focus on well-defined themes but still provides the interviewer with the opportunity to probe (O'Sullivan, Rassel, and Berner, 2003). Skilled interviewers are able to recognize when an answer is complete and when additional information could be useful.

The *structured interview* provides the lowest level of interviewer discretion (O'Sullivan, Rassel, and Berner, 2003). The questions are fixed in content and number and come with a preset range of responses. The interviewer has little or no opportunity to probe. The same questions in the same order are asked of all respondents. This interview format is best suited for eliciting factual information or for assessing opinions or attitudes with established response categories and content (O'Sullivan, Rassel, and Berner, 2003). Exhibit 29.4 contains examples of questions from a workplace ethics audit, and Exhibit 29.5 presents an overview of the steps in developing and conducting an HR interview process. Effective interviewing requires a high degree of skill and training. Without careful attention to research design, the validity and reliability of the interview are severely compromised.

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**Exhibit 29.4. Sample Questions for Use in a Workplace Ethics Audit Interview.**


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*Unstructured Interview Questions*

1. What feelings come to mind when you think about your present job?
2. How would you characterize the overall ethical climate in your organization?
3. How would you characterize the overall ethical climate in your work unit?

*Semistructured Interview Questions*

1. Is the current promotional process a fair assessment of employee capabilities? Why or why not?
2. Please provide examples of any non-job-related factors that influence the promotion process.
3. Can management be trusted to make fair merit pay decisions? Why or why not?

*Structured Interview Questions*

1. How ethical is managerial decision making, using a scale of 1 (low) to 10 (high)?
  2. How fair is the promotional process, using a scale of very fair (10) to very unfair (1)?
  3. What is the overall fairness level of merit pay decisions, using a scale of 1 (very unfair) to 10 (very fair)?
- 

## Application Examples

Interviews are used in a wide range of HR research applications. These include conducting exit interviews of departing employees (Jurkiewicz, Knouse, and Giacalone, 2002), job analysis studies (Klingner and Nalbandian, 1998), program evaluation projects (Clardy, 1997), career satisfaction studies (Thorpe and Loo, 2003), and organizational change analysis (Ogbonna and Wilkinson, 2003). They can be conducted by in-house experts or external consultants.

## Summary of Interview Strengths and Weaknesses

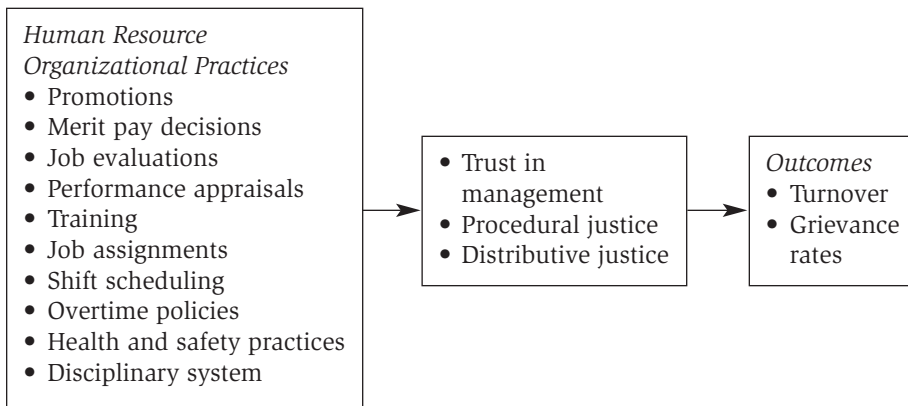
The main advantages of the interview method include the answering of respondent questions, the correction of misunderstandings, allaying concerns, promoting higher response rates for enhanced data quality, generating greater levels of contextual detail, establishing rapport with respondents, the use of visual aids, and the capacity to probe respondents' answers. Disadvantages include high administrative costs, the need for trained interviewers, loss of anonymity, lengthier time to complete data gathering, and possible interviewer bias (Judd, Smith, and Kidder, 1991; Miller, 1994). Like surveys, effective interviewing requires careful development and pretesting.

### Exhibit 29.5. The Interview Development and Implementation Process.

#### 1. Developing the Interview Protocol

- Gain a clear understanding of the subject area through a detailed literature research and a review of practical experience and knowledge. From this research, develop a conceptual framework to organize and guide survey development. The following example summarizes the human resource functional decision-making areas that influence employee ethical perceptions.

#### Human Resource System Ethics Model



- Select a sample of interview group participants that reflect the characteristics of the population studied (demographics, organizational level, job type, knowledge of subject matter, motivation and ability to respond, and so on).
- Generate a list of interview questions (appropriate language and literacy levels, avoidance of jargon and offensive terms, clear definitions of terms) and construct a draft interview protocol (list of questions with directions).
- Choose a format for recording responses (notes only, tape or video) based on respondent needs and desires for confidentiality and privacy.
- Pretest the interview protocol with a group of employees (around twenty) and make final adjustments.

#### 2. Preparing for the Interview

- Prepare respondents by sending out a letter or an e-mail that requests their participation and explains the purpose and relevancy of the study, reassures employees that their responses will remain confidential, secures an appointment time for the interview, and provides an advance copy of the interview protocol if the study's objectives permit.



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**Exhibit 29.5. The Interview Development and Implementation Process, Cont'd.**


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- Conduct interviewer skills training
  - Ensure that the interviewer understands the purpose and importance of the study.
  - Ensure that the interviewer understands the questions and the survey subject matter.
  - Train the interviewer to ask questions in a conversational manner.
  - Have the interviewer practice note-taking and recording of responses.
  - Have the interviewer practice interviewing skills by rehearsing.

### 3. Conducting the Interview

- Begin with ice breaker conversation; thank the person for participating, and clearly explain the study's purpose.
- Ask questions in an unbiased, friendly, confident, and courteous manner. Do not express personal views or react to respondents' comments in a judgmental way.
- Ask the questions in the same manner and order for all respondents.
- Employ active listening skills: show empathy, paraphrase and reflect, probe when necessary, provide feedback to guide respondent, and so on.
- Record responses using precoded response categories, and use key words or shorthand to reduce burdens (it is difficult to ask questions, listen, observe body language, and write at the same time).
- Bring the interview to closure, review the protocol to ensure that all questions have been answered, thank the respondent, provide an overview of the analysis process, and supply a contact number if the person has questions or desires a copy of the results.
- Write up the notes immediately after completing the interview.

### 4. Analyzing the Results

- Use content analysis, a count of how many times a theme was mentioned.
- 

*Sources:* Judd, Smith, and Kidder, 1991; O'Sullivan, Rassel, and Berner, 2003.

## FOCUS GROUPS

The focus group is a structured group interview process used to gather detailed information on a wide variety of topics (O'Sullivan, Rassel, and Berner, 2003). It is a very flexible tool that is designed not to forge a consensus but rather to clarify the major issues associated with particular management problems. Social scientists developed the focus group methodology in an effort to overcome the directive nature of traditional interviews (Krueger, 1994). Focus groups are most widely used in marketing research and are adapted to a wide range of applications in the social sciences (Krueger, 1994).

The flexibility of focus groups makes them adaptable to a variety of work sites. They are relatively cost-efficient if in-house expertise is available (Krueger, 1994). Training is required to conduct focus sessions and to analyze and present the results (Krueger, 1994). Given the small number of participants in most focus groups, it is inappropriate to generalize results from the focus group to a larger population (O'Sullivan, Rassel, and Berner, 2003). Focus groups are frequently used to determine subject areas and questions suitable for deeper evaluations such as surveys or personal interviews. Exhibit 29.6 outlines the steps for conducting and analyzing a focus group, and Exhibit 29.7 presents a list of questions that might be used in a focus session on managerial servant-leadership practices. Focus groups are an important instrument in any HR professional's tool kit.

### Application Examples

In human resource management applications, focus groups can be used to generate information for needs assessments, program evaluation studies, strategic planning, and organizational change assessments, among other things. They are particularly useful for generating information for exploratory studies, bridging communication or understanding gaps, uncovering motives for employee behavior, and generating ideas for problem solving (Krueger, 1994). Examples of specific studies using focus groups include designing effective leadership interventions (Falk, 2003), assessing clinical skills performance (Pfeil, 2003), time management skills (Waterworth, 2003), and assessing critical upward organizational feedback (Tourish and Robson, 2003). Focus groups should not be used in a hostile or emotionally charged atmosphere, when there is an absence of trust, when the researcher loses control over key components of the study (sample selection, question development, implementation protocol), when statistical analysis is needed, when other methods are available at a lower cost, or when there is the potential for a loss of respondent confidentiality (Krueger, 1994).

### Summary of Focus Group Strengths and Weaknesses

The advantages of focus groups include their socially dynamic setting, which facilitates interaction; the opportunity to probe; respondent acceptability and understandability; relative low cost; and the ability to generate speedy results.

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**Exhibit 29.6. Conducting a Focus Group.**

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**1. Organizing the Focus Group**

- Select a sample of focus group participants (six to twelve) to reflect characteristics of the population studied (demographics, organizational level, job type, knowledge of subject matter, ability and motivation to respond, and so on).
- Select focus group administrators who have the appropriate training, experience, and knowledge, skills, and abilities (nonjudgmental, supportive, directive, and active listening skills).
- Prepare five to eight open-ended questions that stimulate discussion (avoid yes-or-no questions), for example: What are the strengths of the new performance appraisal system?
- Select an appropriate setting, such as an off-site hotel, that deemphasizes status differences (use a rectangular or round table and comfortable chairs).
- Select methods to record responses (tape, video, notes) in a way that maximizes participant comfort.

**2. Conducting the Focus Group**

- Open by thanking the participants and stating the general purpose of the group; then have participants fill out name cards and introduce themselves.
- Explain the ground rules: everyone participates, no interrupting of speakers, no side conversations, respect for all other persons, and avoidance of judgmental comments, facial expressions, and body language. Each person will have a few minutes to jot down ideas as each question is asked and will take the floor sequentially to present their thoughts. There is no formal time limit per speaker, but urge each participant to be cognizant of the time remaining.
- Launch the focus session with an icebreaker question and then move to more specific questions. Allow for follow-up and clarification comments and questions.
- Carefully monitor conversation flow to avoid undue influence by aggressive subjects, and encourage passive or shy participants to provide input.
- Be alert to new subject areas and pursue them if time is available.
- Summarize the responses on a flipchart, and allow for follow-up comments and clarification.
- Bring the session to a close by summarizing the results and thanking the participants for their time and input.

**3. Analyzing and Communicating the Results**

- Conduct a debriefing on the focus session by reviewing the tape and notes.
- Conduct a content analysis of the issues, and identify themes.
- Compare the analysis of the final results, and resolve any differences.
- Prepare a written report identifying the themes and unanticipated issues.

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**Exhibit 29.7. Preamble and Questions for Use in a Focus Group on Servant-Leadership.**


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Providing a high-quality work environment for our valued employees is a prime strategic objective for us. This focus group is an important tool in our ongoing effort to gather information on key workplace issues that directly influence your job satisfaction. Your confidentiality will be strictly maintained, as only aggregate data will be released and no respondent will be identified directly or indirectly. Focus group results will serve as the foundation for a future quality improvement meeting. At that meeting, we will solicit your feedback and suggestions on the issues identified.

- How would you describe your organization's decision-making climate?
  - How would you describe the level of emotional support that managers demonstrate toward employees?
  - How would you describe the degree to which managers empower employees?
  - How would you describe managerial approaches to providing performance feedback to employees?
  - Describe practices management uses for recognizing employees.
  - How would you describe the degree to which managers encourage employee creativity?
  - How would you describe the degree to which managers practice forgiveness?
  - Describe the level of trust that exists between labor and management.
  - How would you describe management's treatment of clients?
  - How can managers improve their servant-leadership practices? Servant leadership entails a constellation of character (integrity, compassion, love, transparency, and so on) and managerial competencies (employee empowerment, team building, and so on) that places the mission and needs of the employees before personal self-interest.
- 

The disadvantages of focus groups include less interviewer control over the interactions, the greater difficulty of analyzing group data, the need for carefully trained and experienced moderators, high variability in the method's effectiveness, and the logistical problems of assembling groups (Krueger, 1994).

## PERFORMANCE ARCHIVES

Often analysts must use organizational performance data archives in evaluating human resource programs. A key issue relates to the quality of the data. If the data are flawed, the associated analysis will contain errors as well. For example, if there is a lack of consistency in how "voluntary turnover" is defined (some

departments include retirements and others do not), the reported rates are unreliable. Human resource archive data is collected in two areas: employee performance and human resource system attributes. Performance data provide information on the quantity, quality, or timeliness of performance at the individual, work group, departmental, or organizational level (response rate time per police officer, for example). Human resource data supply information on employee attitudes and behaviors that influence organizational performance, such as turnover, absenteeism, tardiness, and grievance rates at the individual employee, work group, departmental, and organizational levels (Clardy, 1997).

The key attribute that must be satisfied for the utility of performance archive data is its validity. *Validity* is the accuracy of the measurement process; *reliability* is its consistency. Validity is represented by the following formula (Judd, Smith, and Kidder, 1991):

$$\text{Measured value} = \text{true value} \pm \text{systematic error} \pm \text{random error}$$

*Systematic error* consists of the degree of *criterion deficiency*, *contamination*, and *imprecision*. *Sampling error* and a lack of *reliability* are major sources of *random error* (Judd, Smith, and Kidder, 1991). Each of these will be addressed in more detail.

## Random Errors

As noted, random errors are generally the result of either inconsistency of measurement (lack of reliability) or an error in the selection of participants (sampling error).

**Reliability.** There are three forms of reliability: test-retest, item sampling, and equivalence (Wright and others, 2001; O'Sullivan, Rassel, and Berner, 2003). *Test-retest reliability* relates to the consistency of measurement over time (Judd, Smith, and Kidder, 1991). Civil service test scores given at two different periods should vary only with changes in performance. *Item sampling* refers to the degree that survey or test questions cluster together (O'Sullivan, Rassel, and Berner, 2003). In other words, are they measuring the same construct or a different one? *Equivalence reliability* is the degree to which the correct standards are used to evaluate an object and that those standards are consistently applied (O'Sullivan, Rassel, and Berner, 2003). It consists of *interrater reliability* (two raters agree on the value assigned in measuring the same object) and *intrarater reliability* (a single rater assigns the same score to two or more objects with the same value). Equivalence reliability is more than agreement, however, as raters can consistently employ inappropriate standards in rating an object (such as the influence of race in performance appraisals) (Wright and others, 2001).

**Sampling Error.** Sampling error is reflected in survey data that are skewed because they are based on an unrepresentative sample of employees or clients.

For example, in a customer satisfaction survey, there is a tendency for very dissatisfied clients to return surveys at a higher rate than those who are satisfied (Poister, 2003). The resulting data are therefore more negative than the true population opinion. Sampling error can occur in a whole host of other archive measures that are based on less than a complete population analysis.

**Other Random Errors.** Other types of random error include a temporary increase in data coding mistakes due to employee illness or fatigue, errors in computer programming, and unusual weather events. There are several quality control processes to address random errors. A data auditing and quality control process identifies random error rates and sources (Poister, 2003), a representativeness analysis identifies biased samples (Fowler, 1993), and explanatory information provides contextual information to explain unusual events (Poister, 2003).

### Systematic Rating Errors

As mentioned, there are three main causes of systematic rating errors: criterion deficiency, contamination, and lack of precision.

**Criterion Deficiency.** Criterion deficiency occurs when a measure fails to incorporate important components of the assessed construct, thereby reducing the content validity of the measure (O'Sullivan, Rassel, and Berner, 2003; Poister, 2003). For example, a performance appraisal rating is deficient when it fails to include an important aspect of the job such as quality of performance. Criterion deficiency is a serious problem for validity and undermines the utility of archive data.

**Contamination.** Contamination errors occur when the measure includes unrelated constructs. For example, performance appraisal ratings are frequently contaminated by race and gender bias and by personal like or dislike (Bernardin and Beatty, 1984). Such appraisal ratings are commingling job-related and non-job-related factors. Another example is refuse collection route completion time measures that are contaminated by system fleet maintenance problems that are beyond the crew's control.

**Lack of Precision.** A lack of precision occurs when the measure is not sensitive enough to assess a construct's complete characteristics (Schuman and Presser, 1996). For example, a yes-or-no job satisfaction measure lacks the precision to assess the depth or intensity of employee job dissatisfaction. A Likert or other numerical scale to assess the intensity of feeling would generate more accurate information. However, the degree of precision required is a function of the research purpose. For example, a dichotomous yes-or-no item may be appropriate for a study assessing the aggregate impacts of job satisfaction for retirement plan-

ning purposes. In this instance, the analyst is interested in the presence of *global* job dissatisfaction and its association with retirement decisions (in this instance, a global question provides the needed information just as accurately as an item with a range of intensity responses).

### Application Examples

Performance archives are used in the validation of human resource selection practices such as employment tests (Klingner and Nalbandian, 1998) and documenting performance improvements (Clardy, 1997). They are also used as information for performance benchmarking (Ammons, 1998) and return-on-investment analysis (Chmielewski and Phillips, 2002). They are a major source of information for formative and summative evaluations of specific programs (for example, the assessment of an employee training program to improve customer service) (Clardy, 1997).

### Strengths and Weaknesses of Performance Archive Data

The strengths of performance archive data are general ease of access, suitability for quantitative analysis, objective characteristics, and transportability when in electronic form. The weaknesses include criterion deficiency, contamination, sampling problems, and often a lack of contextual information.

## RETURN-ON-INVESTMENT ANALYSIS

Return-on-investment analysis is a method for calculating the monetary benefits of human resource programs in relation to their costs. It is based on Kirkpatrick's framework for evaluating training programs (1994) with elaborations by Phillips, and much of this discussion of ROI is based on the work of Chmielewski and Phillips (2002).

There are five levels in evaluating a human resource program (Chmielewski and Phillips, 2002, p. 227):

1. *Reaction and planned action*: Measures employee satisfaction with the program and captures planned action
2. *Learning*: Measures changes in employee knowledge, skills, and attitudes related to the program
3. *Job applications*: Measures changes in on-the-job behavior or job processes
4. *Business results*: Measures changes in business impact variables such as productivity
5. *Return on investment*: Compares program benefits to costs.

ROI analysis was developed for use in private sector organizations but is adaptable for a variety of applications in the public and nonprofit sectors, primarily in assessing the return on employee training programs. It is the most rigorous and holistic method, as it incorporates data from all of the tools discussed so far. For many programs, the intangible benefits are significant and outweigh tangible benefits. The steps in a return-on-investment analysis are presented in Exhibit 29.8.

### **Application Examples**

Most ROI analysis applications are in training and development (see Deeny, 2003; Williams, Graham, and Baker, 2003; Wang, Dou, and Li, 2002; Bontis and Fitz-enz, 2002). Exhibit 29.9 presents a hypothetical example of the application of ROI analysis to a religious diversity training program.

### **Strengths and Weaknesses of ROI Analysis**

ROI analysis is a systematic and partly standardized process for calculating the monetary returns associated with human resource investments. It is flexible and can be used in a variety of settings and work processes in addition to HR investments. ROI analysis requires a level of sophistication in research design beyond the capacities of many organizations. Given the inherent complexities of measuring outcomes in the public sector, this technique must be used with care and caution. Without a standardized dollar metric, the variety of methods and data sources rely on human judgment. These assessments can be more accurate than more objective data if the observer possesses an expert knowledge of the subject area, is highly motivated and trained, and possesses direct situational knowledge. A violation of these conditions increases the likelihood of measurement error. Another weakness is the absence of standardized guidelines for an acceptable rate of return. The effectiveness of ROI analysis will increase with greater use of the technique.

## **CONCLUSION**

This chapter presented five important methods and tools for conducting human resource research. The foundation for effective HR research is sound research design that employs the principle of method and measure triangulation. HR decision making is improved when traditional information sources are supported by surveys, interviews, focus groups, and archive analysis data that are used in a return-on-investment analysis. These methods and tools generate valuable information in defining the cause of management problems and selecting appropriate solutions. HR professionals need to be aware of the inherent strengths and weaknesses of each approach. A manager who is familiar with the techniques



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**Exhibit 29.8. Steps in a Return-on-Investment Analysis.**


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1. **Conduct a preplanning analysis.** Ensure that there is clarity in evaluation purposes, the data collection instruments are appropriate for the settings and evaluation purposes, all four levels (1 to 4) are measurable, and data are available for the relevant time frame under analysis.
2. **Data collection.** Gather hard data (output, quality, cost, and time) and soft data (work habits, climate, and attitudes). Data collection methods include reviewing and analyzing surveys, questionnaires, on-the-job observation, postprogram interviews, focus groups, program assignments, action plans, performance contracts, follow-up sessions, and performance monitoring.
3. **Isolate the effects of the program.** Determine the influence of the program while controlling for the effects of other variables. Methods to isolate program effects include control groups, trend line analysis, forecasting models, employee estimates, managerial estimates, expert estimates, subordinates estimates, extraneous factor analysis, and customer input.
4. **Convert Level 4 data to monetary values.** This very challenging component of the process requires multiple methods and measures. Strategies to convert data include output data conversions, quality data conversions, time data conversions, organizational cost data conversions, expert value estimates, expert cost estimates, employee estimates of improvement, manager estimate of improvement, senior management estimates of improvement, and expert estimates of improvement.
5. **Tabulate program costs.** Complete a comprehensive analysis of program costs, which include: the cost to design and develop the program prorated over its life, the cost of organizing the program, the cost of implementing the program, salaries plus employee benefits, the cost of training employees, the cost of contractors, the cost of evaluating the program, and administrative and overhead costs.
  - a. **Calculate the benefit-cost ratio by dividing program benefits by program costs.**
  - b. **Calculate return on investment (ROI)** by subtracting program costs from program benefits to get net program benefits, then dividing net program benefits by program costs and multiplying by 100.
  - c. **Calculate intangible benefits**, including increased job satisfaction, increased organizational commitment, improved teamwork, improved customer service, reduction in complaints and grievances, and lower levels of conflict.

### Exhibit 29.9. Return-on-Investment Analysis for a Religious Diversity Training Program.

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#### Defining the Management Problem

The city of Penn Hills is a community in transition. A working-class community with one hundred thousand residents, Penn Hills has seen a dramatic increase in immigrants from Asia (primarily India and Vietnam), the Middle East (Iran and Egypt), and Eastern Europe (Russia). The diversity in the population is reflected in the city's workforce (now 45 percent minority) and the need to provide services to an ethnically diverse population. The city's human resource director received several reports of harassment and discrimination against Muslim workers and four grievances over refusal to accommodate requests for shift schedule changes for religious observances. Employee attitude surveys indicated a significantly lower satisfaction level for minority employees. To address these issues, the city's human resource director developed a two-day religious diversity workshop for all supervisors. The goal was to educate supervisors on the characteristics, beliefs, and customs of different religions; the benefits of diversity; the importance of accommodating religious faith; defining and avoiding religious discrimination; effective religious accommodation strategies; and promoting harmonious work relations. A religion-friendly workplace should increase employee satisfaction and resistance to stress, resulting in improved customer service. Fifty supervisory personnel were trained in groups of ten over the period of a year. This represented approximately one-half of all supervisory personnel.

#### *Steps 1 and 2: Conducting a preplanning analysis and collecting data*

An evaluation team was selected consisting of the human resource director, the training director, the budget director, a management analyst, and two line supervisors. The team reviewed all data and assessment sources to ensure that all four levels (reaction and planned action, learning, job applications, and business results) were available. The sources for the analysis were as follows:

Level of Evaluation	Measures Used
Level 1: Reaction and planned action	Measure 1: Participant course evaluation results.
Level 2: Learning	Measure 2: Religious diversity management knowledge test scores. This test assesses knowledge of the benefits of religious diversity, strategies for avoiding discrimination, and religious accommodation strategies.
Level 3: Job applications	Measure 3: Number of grievances per 100 employees for religious discrimination. Measure 4: Employee survey results regarding religion-friendly workplace practices.

**Exhibit 29.9. Return-on-Investment Analysis for a Religious Diversity Training Program, Cont'd.**

Level of Evaluation	Measures Used
	Measure 5: Employee survey evaluations of supervisory support for religious diversity.
	Measure 6: Exit interviews of employees regarding religious discrimination and religious accommodation climate.
	Measure 7: Focus group results regarding management support for religious diversity.
	Measure 8: Rate of citizen service complaints regarding biased treatment.
	Measure 9: Citizen service satisfaction scores.
Level 4: Business results	Measure 10: Turnover rate changes, one year after training.
	Measure 11: Change in work group productivity levels, one year after training.

***Step 3: Isolating the effects of the program***

The team used a control group of untrained supervisors to compare with the trained supervisors (treatment group) on the eleven cited measures. Pending the results of the evaluation, the remaining supervisors will receive training next year. The following table presents the results comparing the treatment and control groups. The results clearly indicate improved performance for the training program participants. The only major management change during the period was the introduction of the training program. Supervisors completing the training program had very little contact with the untrained supervisors. Hence it appears that most alternative explanations (rival hypotheses) can be ruled out.

Measure	Control Group ( <i>n</i> = 50 supervisors, 500 total employees)	Treatment Group ( <i>n</i> = 50 supervisors, 500 total employees)
Measure 1: Participant course evaluation results	N.A.	98 % agree course was effective
Measure 2: Religious diversity management knowledge test scores	N.A.	75 score pretest, 95 after training
Measure 3: Number of grievances relating to religious discrimination per 100 employees	1 per 100	0 per 100
Measure 4: Employee survey results, percentage agreeing that the workplace is religion-friendly	45 %	75 %

**Exhibit 29.9. Return-on-Investment Analysis for a Religious Diversity Training Program, Cont'd.**

Measure	Control Group ( <i>n</i> = 50 supervisors, 500 total employees)	Treatment Group ( <i>n</i> = 50 supervisors, 500 total employees)
Measure 5: Employee survey results, percentage agreeing that supervisor supports religious diversity	65 %	79 %
Measure 6: Exit interviews of employees, percentage indicating problems with religious discrimination	8 %	2 %
Measure 7: Focus group results, percentage indicating management support for religious diversity	55 %	85 %
Measure 8: Rate of citizen service complaints (per 100 employees) regarding biased treatment	2.3	1.2
Measure 9: Citizen service satisfaction scores	87 %	93 %
Measure 10: Turnover rate change, one year after training	0 %	–2.0 %
Measure 11: Change in work group productivity levels, one year after training	–0.1 %	+ 0.3 %

***Step 4: Converting Level 4 data to monetary values***

Based on expert assessments, benchmarked cost assessments, and budget office data conversions, each Level 4 measure is converted to a monetary value. The program demonstrated significant monetary benefits for both turnover and productivity increases. Reduced turnover lowers replacement costs and retains experienced employees. The retention of experienced employees increases productivity.

Measure	Formula	Benefit Calculation
Measure 10: Turnover rate change, one year after training	For every 1 % reduction in organizational turnover per 500 employees, the city reduces expenditures by \$100,000	$2 \times \$100,000 = \$200,000$
Measure 11: Change in work group productivity levels, one year after training	For every 1 % increase in productivity per 500 employees, the city reduces expenditures by \$500,000	$0.3 \times \$500,000 = \$150,000$
Total benefits		\$350,000

**Exhibit 29.9. Return-on-Investment Analysis for a Religious Diversity Training Program, Cont'd.***Step 5: Tabulating program costs*

Program costs are incurred primarily in developing and implementing the training program. Administrative and overhead costs are low, given that in-house personnel designed and administered the program.

Program Costs Area	Cost
Cost to design and develop program prorated over life	\$10,000
Cost of organizing the program	\$5,000
Cost of implementing the program	\$10,000
Salaries plus employee benefits (10% of trainers' time)	\$10,000
Cost of training employees (employee wages)	\$75,000
Cost of contractors	N.A.
Cost of evaluating the program	\$10,000
Administrative and overhead costs	\$10,000
Total program costs	\$130,000

*Step 5a: Calculating the benefit-cost ratio*

$$\text{Benefit-cost ratio} = \text{program benefits} / \text{program costs}$$

$$\$350,000 / \$130,000 = 2.7$$

A 2.7-to-1 benefit-cost ratio is a very favorable rate of return.

*Step 5b: Calculating return on investment*

$$\text{Program benefits} - \text{program costs} = \text{net program benefits}$$

$$\$350,000 - \$130,000 = \$220,000$$

$$\text{ROI cost-benefit ratio} = \text{net program benefits} / \text{program costs} \times 100$$

$$\text{ROI} = \$220,000 / \$130,000 \times 100$$

$$\text{ROI} = 169\%$$

The rate of return is very high and indicates that the program is a success.

*Step 5c: Calculating intangible benefits*

In addition to the very favorable ROI measure, measures 4 through 9 (in step 3) provide additional support for the program's efficacy. Employees of trained managers are more likely to report that the workplace is religion-friendly, that the supervisor and management support religious diversity, lower rates of perceived religious discrimination, fewer citizen complaints, and higher customer satisfaction scores. Hence both the tangible and the intangible measures confirm the program's effectiveness.

of research design and administration is better equipped to solve problems and to be an informed “consumer” of management research.

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# Human Resource Consultants and Outsourcing

## *Focusing on Local Government*

Glenn W. Rainey Jr.

Consultants and outsourcing are used to address a wide range of needs in public sector human resource management, and their use has been growing. This chapter describes some key considerations in selecting and managing consultants and outsourcing contracts.

To keep the subject manageable, attention is focused on the practices of medium-sized units of local government—particularly those large enough to assign the human resource (HR) function to a particular office or staff member but too small to be able to afford highly differentiated HR departments containing specialists in a wide range of HR functions. These jurisdictions are large enough that they must address the HR needs of complex and specialized workforces yet small enough that their HR staffs are usually stretched thin and must develop generalized skills. They will often need external expertise, badly, but have limited capacity for recruiting, evaluating, and managing the external relationships. Naturally, it is hoped that managers in smaller and larger jurisdictions will also find this chapter informative, even if they address some different types of problems and must adapt the information to environments characterized by greater differentiation and internal resources.

*Consulting* will refer to the use of external resources by a human resource office to execute specific projects (for example, compensation studies, training or testing services, or analysis and advice on specific problems). *Outsourcing* will refer to contracting for administration of ongoing HR services by an external provider (for example, benefits programs, information technology services, drug

testing, auditing, or ongoing survey services). This distinction is not absolute. A firm that executes a new classification system for a client is a consultant, but if it also begins to provide permanent record keeping and statistical analysis of performance appraisals as an extension of the project, it has become an outsourcer. The great majority of externally contracted services, however, tend to fall into one category or the other.

The academic and trade literature on consulting and outsourcing are not precise guides to action for the HR manager. To cover a very complex topic, the literature on consulting often becomes topically generalized, subjective, and experiential, much of it taking the form of broad advice and counseling to managers or consultants (see, for example, Bellman, 2002; Block, 1999; Finney, 1996; Nash, 1999). HR problems and issues tend to receive fractional attention. Otherwise extensive writings about key HR issues in the public sector (such as “Training and Development,” 2002) may ignore consulting, and treatments of government contracting (such as Lavery, 1999) may ignore HR. The result is large doses of subjective wisdom and arguments that are at times internally inconsistent.

Outsourcing, hardly a new idea, was promoted by the interest in organizational streamlining and cost savings in business during the 1980s and by subsequent efforts to transfer the same interests to government. The literature on it has become rather more detailed and specifically prescriptive, even with regard to public sector applications (see Siegel, 2000), but it still contains serious ambiguities. For example, the number one reason authoritatively given for using outsourcing is usually cost reductions (see Gelman and Dell, 2002; Gay and Essinger, 2000), and the number one frustration of business firms that use it has been reported as failure to achieve anticipated reduction of costs (see Gay and Essinger, 2000). Notably absent from the literature are hard statistical data about savings. Much of the confidence in the benefits of outsourcing appears to be based on anecdotal evidence (see Drinan, 2002) and subjective faith (see Bates, 2002b).

To augment the available literature, confidential interviews were conducted with a small number of HR managers and consultants. After providing suggestive questionnaires and lists of talking points, the interviews were conducted as open-ended discussions of issues, methods, sources, advantages, costs, and benefits, with specific examples. Nine managers, in Alabama, California, Georgia, Kentucky, New York, Ohio, South Dakota, and Virginia, were interviewed concerning their experiences with HR consultants. (The interview with one was quite brief—her city would not allow her to hire consultants at all; the attitude was “that’s what we pay *you* for.”) Six were HR directors in municipal governments, one of which was a merged form; one was a risk manager; one was a city manager with a one-person personnel department; and one was the director of a small, central personnel office in a large urban county with extensively decentralized departmental controls over HR functions. Five of the managers had originally been interviewed for my chapter in the first edition of this book;

two of the five and the director who replaced another earlier interviewee were reinterviewed for this edition. The cities represented range in size from approximately 20,000 to 100,000 residents, the largest having a merged county-city form. The total HR staff under the HR managers ranged from none to twenty-five employees. Although an effort was made to spread the interviews among varied communities, a principal consideration was access to individuals willing to engage in a lengthy interview and discuss sensitive matters explicitly. This resulted in reliance on referrals and personal acquaintance to recruit the participants. As a result, the individuals interviewed tend to work in communities that have relatively strong economies and large middle-class populations and would therefore tend to support professionalism in administration.

Five consultants were also interviewed, including two representatives of a large international consulting firm (one for the previous edition, one for this edition), a representative of a public sector consulting consortium, the proprietor of a small consulting firm, and an individual who has operated a successful personal consulting office focused on local government for over fifteen years (who was also being reinterviewed).

I wish to express my deepest gratitude and respect to these individuals for their willingness to share their time, knowledge, and experiences.

## THE USES OF CONSULTANTS AND OUTSOURCING

Several reasons are commonly cited for employing consultants: (1) to gain access to specialized expertise; (2) to save on recurring personnel costs; (3) to obtain an objective, external perspective on problems; and (4) to obtain leadership or inspiration through the reputation or charisma of an external change agent. General management consulting surged in the 1960s and 1970s, the number of consultants increasing from about 60,000 in 1960 to over 400,000 in the late 1980s. The growth was fueled by the pace of technological change and the generally increasing importance of technical knowledge, increasing complexity and growth in the economy, increasing regulation, and increasing reliance on outsourcing (Tompkins, 1995; Fitzsimons, 1993; Shenson, 1990). Although specific figures on HR consulting could not be found, it has probably grown apace and for similar reasons.

Use of consultants affords the HR manager access to specialized knowledge and skills in such varied arenas as design of compensation systems, content of personnel policies and regulations (concerning, for example, substance abuse and lawful discipline or dismissal), and application of new technologies (such as computer hardware and software). Through hiring consultants, the HR manager can overcome a lack of specialized staff and still accomplish important functions on an occasional basis.

The specific types of problems that consultants may be employed to address tend to fall into two basic classes: systems development and problem solving. (For a more detailed discussion of different types of general managerial consultants, see Shenson, 1990, ch. 3.) *Systems development* refers to the design and implementation of major processes and infrastructures for long-term use, such as classification and compensation systems, computer networks and general data processing systems, personnel records systems, and general health and safety systems. *Problem solving* describes the myriad ways of providing specific ideas or advice or administering a particular service within a relatively delimited time frame and cost. Examples include specific training services, software consulting, advising and counseling to resolve a particular problem in discipline or dismissals, recruitment of a new department head by a headhunter, and health and safety consultants resolving problems in employee behavior.

Both systems development and problem-solving efforts may be obtained from a variety of sources. Commercial providers include large diversified firms, small firms consisting of an individual or a small group of associates, and teams or individuals running a private office or doing consulting as a second career. In turn, the small offices and individuals may be divided into *specialists*, who apply personal expertise to specific types of problems such as testing or computers, and *generalists*, who usually have a career background with extensive experience in HR policy or administration and who are willing to take on a range of responsibilities for HR system development and administration (especially for smaller cities). The types of problems for which consultants are likely to be employed are reviewed in the rest of this section, and then the sources of consulting services are reviewed in greater detail.

Although consultants are employed to attack problems related to every HR function, interviews and experience with HR managers and consultants suggest that as a practical matter, certain types of problems are particularly likely to be addressed with the help of consultants, and in particular ways. The system development project for which HR managers seemed most likely to hire consultants was the design or redesign of classification and compensation systems ("class and comp"), frequently but not always accompanied by the redesign of performance evaluation systems. Other uses for consultants primarily involved the following problem-solving activities:

- *Recruitment and testing.* Examples: designing and running an assessment center for protective services promotion candidates; recruiting and assessing applicants for police chief or head of the transportation department; purchasing testing packages and supplying supporting advice on their application.
- *General counseling on HR problem resolution.* Examples: identifying and implementing options to correct an unlawful dismissal; preparing action on a

case of sexual harassment; recommending changes in compensation policies to resolve a specific equity problem; legal advice; auditing and accounting services. In addition, consultants can offer an independent perspective on internal problems and thus restrict controversy—for example, an HR manager can bring in an external specialist to evaluate the compensation of a particular position. Finally, they can provide inspirational leadership, and their recommendations may carry influence with political officials and employees that would not be accorded to another member of the city workforce.

- *Training and development.* Services provided by generalists: performing climate assessment (done by a professor on a retainer); serving as a meeting facilitator; providing counseling services for such needs as employees desiring career improvement. Services provided by personnel from the state employee relations board: training on interest-based bargaining. Services provided by external specialists: ethics training; directing quality management teams. Services provided by representatives from an employee assistance plan (EAP) or third-party workers' compensation administrator: supplying targeted advice and training on workers' compensation costs and cost control; resolving particular behavioral and disciplinary problems; training on such subjects as stress management, violence in the workplace, and detection and control of drug abuse. Services provided by a consultant or under contract with an institute: regular training programs such as quarterly management training courses.

- *Employee health, safety, and wellness issues.* Services provided by an insurance consultant: performing risk and loss control reviews; reviewing an accident scene; having an ergonomics specialist review work practices and provide corrective training.

- *Targeted research or evaluation projects.* Services provided by an external compensation specialist or HR administrator: reviewing compensation for a particular classification so that an independent opinion can be generated. Services provided by a professor: conducting a survey and doing comparative analysis on a particular compensation problem, such as salary differentials between county and city employees involved in a merger. Services provided by a financial analyst or broker: assessment of benefits programs and investments.

- *Preparation or modification of employment regulations and policies.* Services provided by a local physician with a law degree: preparing a drug and alcohol testing policy. Services provided by a local attorney (see Neuser, 2003): writing policies; counseling a civil service board.

- *Labor-management relations (LMR) services.* Examples: Representation by a labor lawyer during union negotiations; professional arbitrators.

- *Development of computer systems.* Services provided by a computer specialist or consultant: developing software and related processes for specific functions such as applicant tracking or compensation analysis and revisions.

## USES OF OUTSOURCING

Hypothetically, outsourcing may be employed to move a wide variety of activities to an external contractor, including any routinely occurring activity in staffing, compensation and benefits, training and development, and information technology (Siegel, 2000). Business-oriented approaches encompass such special services as recruitment outsourcing and “on-demand recruiting services” (Bates, 2003a; Frase-Blunt, 2003), overseas outsourcing of white-collar jobs (Bates, 2003b), and aggressive contracting out of the IT function (see Chapman and Andrade, 1998). Beyond such mundane advantages as cost reduction and access to specialized expertise, advocates of outsourcing envision some other elegant outcomes, including improved “company focus,” improved quality, more flexible and precisely targeted services, and freeing internal divisions (including HR) to participate in more strategic managerial processes (Gay and Essinger, 2000). A 1999 study coordinated by Dun & Bradstreet indicated that HR was the fastest-growing area of outsourcing, followed by media management and IT services (Gay and Essinger, 2000, p. 4).

In practice, the most frequent and most expensive uses of HR outsourcing occur in the general area of health and benefits administration—provision and administration of health services by third-party administrators (TPAs), pension benefits management and 401(k) programs, and other benefits-related services such as employee assistance programs and drug testing (Siegel, 2000; Gelman and Dell, 2002; *Employee Benefit News*, 2004). This appears to be true in both the public and private sectors and was consistent with the practices in the communities in which our interviews were conducted. Indeed, in their survey of 125 large companies for the Conference Board, Gelman and Dell found that substantial majorities *would not* outsource employee communications, HR information systems, or assessment activities (2000, p. 8). Other data indicate that outsourcing of payroll administration and temporary staffing are fairly widespread in industry (*Employee Benefit News*, 2004). This suggests that much of the HR outsourcing reflects practical issues of economies of scale and external expertise more than grand ideals of new management strategies. Small local governments do outsource other HR activities—surveys and auditing services are examples—but their small size and limited resources impose significant limits.

While both contracting for and outsourcing of IT functions are major topics in industry, the communities studied here tended to contract for internal improvements. The process was typically conducted by the city as a whole, through the IT or finance department if the jurisdiction had one. The HR division might participate in the larger effort or, as in the case of the large urban county, be a major partner in the effort in return for significant upgrades in reading, integrating, and processing information related to applicant tracking,

payrolls, and employment rosters. More commonly, the HR divisions in smaller cities have grafted their own improvements onto IT innovations such as the municipal Web page, including Internet recruiting, applications, and other information processing, or have acquired new software systems of their own. HR directors expressed decided disinterest in outsourcing control of their personnel records to a commercial vendor, for reasons of both confidentiality and flexible access to data, concerns that might explain the similar aversion of large business corporations noted earlier.

## THE PUBLIC SECTOR AS A CONSULTING ENVIRONMENT

The feasibility, design, and cost of a given consulting or outsourcing project will depend on the interaction of the local government's political and social environment, the type of problem to be solved, and the consulting resources available to the city through the market. For example, communities will differ in the prevailing interest and support expressed for professionalism, managerial efficiency, and equity in HR management. Similarly, both the demands that HR managers must meet and the resources available to meet them will vary with technological and administrative infrastructure, state legal and institutional environments, economic markets, and cultural and social environments (embodying, for example, factors such as economic wealth and growth, urban-rural environment, or ethnic diversity).

In a number of important respects, local government presents a distinctive operating environment to the consultant. The detailed and multiple lines of oversight that usually accompany political accountability create an environment that may be quite different from the corporate environment. Public sector HR staff, especially below the HR director level, may be relatively unversed in general HR functions. First-line supervisors are often not extensively trained and may be accustomed to operating in nonconfrontational modes when the implementation of important changes requires authoritative decision making.

In small and medium-sized units of local government, council and commission members may not be experienced in specific HR practices. For example, business persons used to paying minimum wage in a personal business or a small local firm may bring a limited perspective on compensation to political oversight. Moreover, the contemporary emphasis on streamlined, strategic, and outcomes-oriented HR practices may not be well developed in these jurisdictions, and they may continue to approach HR as a transactional matter—for example, to tweak and improve compensation rather than think strategically about reward systems and workforce development. This may be changing: a proprietary consultant with a predominantly local practice said he thought the level of professionalism in local government had been increasing, and a national consultant



said he thought an appreciation of strategic issues was increasing, in part simply because the aging of the workforce and the impending retirement boom are starting to force attention to the issues of the manpower planning and general workforce management.

From the consultant's standpoint, moreover, dealing with elected officials can be frustrating. When costly or controversial decisions are to be made, as one consultant put it, these officials are often "unwilling to do anything that is a strong statement in any direction." Even when a consensus appears to be emerging, the prospect of controversial decisions and unpleasant impacts may elicit second thoughts and the declaration "I didn't understand that!"

Conversely, because not all elected officials are wishy-washy, it is not unusual to find one or more council members who have positioned themselves as advocates for city employees and who allow the employees to make end runs around a consultant to complain about the effects of a new system. Changes in administration can also remind consultants and HR directors alike that political officials may have their own strongly held views—the support for given projects may depend on the administration in power. It is not unheard of for a particular mayor or city council to strongly support the development of a new compensation system incorporating a pay-for-performance plan and to spend considerable time and money on a contract for it, only to scale back the project when the full cost is realized (requiring additional work by the consultant) or be followed by another administration in which key officials have seen all the evidence on the other side of the issue and decide not to implement the system.

While creating difficulties for consultants, the foibles of elected officials also create the need for their services. Consultants may have to be employed to correct or guard against ill-advised and possibly illegal actions by the officials, such as unlawful discipline or promotions or behavior that runs afoul of affirmative action guidelines.

Finally, municipal governments present consultants with certain distinctive HR problems that can include some unpleasant surprises for the inexperienced or unprepared consultant. Examples include inflexible civil service classification systems and the unique niche that protective services workers occupy in the municipal workforce, often being formally or informally organized when the rest of the workforce is not. They may also have been granted variations in employment practices, such as a strong emphasis on seniority in promotions, that prevent their classifications from being treated independently with regard to time in grade, as may be the case for other municipal workforce positions. And they may draw the consultant into the widespread and recurring arguments over parity between police officers and firefighters.

Public sector clients can present other characteristic problems for the consultant that grow out of today's intensified concern with political accountability and cost control. They may, for example, use rigid bidding practices appropri-



ate for purchasing supplies or equipment. The intent of these practices, of course, is to guard against favoritism or political capriciousness and to ensure objectivity and efficiency in awarding contracts. However, if they require a fixed-figure bid within detailed specifications for type of system to be delivered and time frames and if they limit the bidder's opportunity to ask questions and propose specification variances, the effect may be to prevent advantageous exploration, negotiation, and adaptation.

Communication or design problems also result from short-term concerns with cost savings on big projects. Public sector officials often focus their primary attention on project costs and may be inclined to try to save money by cutting out communication and training expenses. They may also be inclined to focus attention on project costs to the exclusion of implementation costs. They may, for example, try to reduce project design expenditures to save some hundreds or thousands of dollars as they back unprepared into a new compensation system that might cost the city anywhere from 3 percent up to as much as 10 or 12 percent of payroll!

The effects of these considerations can be to triple the budget a commercial consultant will allow for the communication portion of a public sector project. The additional risks associated with public sector practices, such as those just described, may also lead to higher bids, because the consultant must cope with the increased uncertainty over the actual work that will be required to execute the contract. It is entirely possible that a public sector client may have to pay more than a private sector client for a given project carried out by a commercial consultant, all other things being equal, simply because the administrative costs of execution are greater.

## PROVIDERS OF CONTRACTING AND CONSULTING SERVICES

Consulting services and support are potentially available from a variety of sources, including the following:

- *Commercial firms and professional consultants* include large firms, often with specialized divisions and often organized with offices in a number of states, and small firms of a few employees or simply one individual operating a personal consulting business, perhaps with associates involved in projects on an ad hoc basis. The smaller firms and individuals may be generalists, or they may specialize in particular types of problems.
- *Professionals and professional firms*, including law, medical, and health services firms, can provide consulting on labor relations, employment practices, substance abuse and related policies, and employee wellness and safety.
- *Councils of governments and consortia, professional associations, and associations of governments* may include such entities as state municipal leagues,

associations such as the Society for Human Resource Management (SHRM) and the International Personnel Management Association (IPMA), and local inter-jurisdictional service agencies such as councils of government, some of which have very competent HR support staff. New forms in the area appear to be emerging from the increased emphasis on nonprofit service providers and on organizational networking, which is in turn facilitated by expanding technological capabilities for extended cooperation. Examples include local nonprofit entities that have been organized by consortia of businesses and local governments to meet regional management needs and government agencies created by joint power or interjurisdictional agreements to administer particular services, which may include HR functions.

- *State agencies for local government* in some states have historically provided technical support for local governments in the area of personnel administration, although in two states where communities were studied for this chapter, the state agencies had discontinued the services in recent years.

- *University-based institutes or centers for government*—either formally organized under state mandates supported by state appropriations or created on an ad hoc basis by universities through grants and contributed time—may have extensive specialized staffs or may provide brokerage services, arranging contacts between jurisdictions with specific needs and other resources available in their areas; they may generalize their services or may specialize in a particular need such as legal advice or training.

- *Moonlighters* include professionals such as lawyers, physicians, engineers, college professors, or other people in specialized vocations who take on part-time consulting activities. They may work as teams of two or more people who regularly seek contracts to provide particular types of services in which they have expertise (such as running assessment centers or designing examinations) or as individuals who volunteer to provide services out of civic generosity (such as a lawyer who agrees to provide some training or a physician who volunteers to advise on a substance abuse policy).

- *HR managers* may call on each other to obtain advice about resolving particular problems; to share policies, knowledge, and instruments; and to obtain information about other consultants who may be available.

## PROVIDERS OF OUTSOURCING SERVICES

The outsourcers used by the local government managers tended to fall into two majors groups: large commercial business firms and smaller local firms, offices, or agencies. Large business organizations were the primary providers of benefits coverage and related TPA services and, if the jurisdiction was self-insured, of stop-loss coverages. EAPs and drug-testing services might be provided by a local

office of a larger firm or by local organizations and medical facilities. Specialized professional support, such as union negotiation and grievance contracts, recurring surveys, or auditing services, were provided by local business and professional firms and nonprofit organizations or consortia. These groups do overlap and interact. For example, one jurisdiction learned, after some delay, that it had the option of hiring a local broker to act as an intermediary to handle the transactions between health claimants and its large health insurance providers, the broker being reimbursed out of the fees paid to the insurance providers. The broker could then, if well motivated, both help the community negotiate quotes for coverage and serve as an advocate for the employees.

## TRADE-OFFS AMONG PROVIDERS

The availability of particular types of commercial consulting services varies widely according to a community's political, demographic, economic, and social environment. Urban environments will naturally tend to have an enhanced market, with more small firms and individual consultants, more specialists, and ready access to the offices of large firms.

### Large Commercial Firms

The particular advantages of large national and international commercial firms include extensively specialized staffs with multiple talents and experience in varied environments, including various types of businesses. Examples noted by HR managers included Mercer, Fox-Lawson, and Hay Associates. They may conduct their own research studies on needs and practices and have extensive access to both electronic and professional networks of support. They take pride in being well versed on the currently popular issues and strategies, such as performance-based and alternative (nonmonetary) compensation, and in being able to execute sophisticated analyses of complex systems and issues, based on extensive and detailed planning, to produce complex and precise solutions.

As a consequence, large firms are particularly well adapted to the needs of large clients (those with large, diverse workforces and clear, focused organizational problems to solve) but must support high overhead costs. (Issues related to cost are treated in further detail later in this chapter.) Costs may balloon when action on one problem in a small municipal environment (such as classification) surfaces numerous others (such as Fair Labor Standards Act and Equal Employment Opportunity compliance) that will have to be addressed systematically. Indeed, large firms may realize that they are poorly adapted to compete for the business of smaller organizations and may avoid small cities altogether or respond to requests for proposals (RFPs) very selectively (only

when it appears that the budget will support their kind of work), or they may operate a subsidiary to pick up municipal business. Some vary their operations by region, taking on more municipal contracts in relatively nonurbanized areas that have cities over 50,000 or so in population but focusing on large metropolitan centers in states that have them. At the same time, the trend toward specialization and mergers designed to increase market access in large firms may have the effect of reducing local offices' autonomy as it increases structural differentiation and administrative control, together with related overhead costs. Some consultants report, however, that the difficult economic situation that has followed the September 11, 2001, terrorist attacks has pushed larger firms into competing for more contracts with smaller jurisdictions than they would typically target.

If available and affordable, large firms tend to focus on the development of major HR systems—policies, recruitment, assessment, selection, class and comp, benefits and investment, performance appraisal, computers and software, training and development, and research and statistical analysis. Other, special needs (for example, legal advice, especially on discipline, wellness or employee assistance programs, and labor-management relations support) may be met by special firms—such as health providers who administer EAPs or drug-testing programs and can also provide design and training services related to employee health and wellness.

The large insurance and health providers to which health coverage and services are outsourced have the advantages of great market leverage, with which they can establish large service networks that they can pressure to provide the most favorable cost structures. Whether the benefits are passed on to their clients is another matter, and HR directors have repeatedly referred to the administrative problems that may be encountered with their services. They may embed useful services in their contracts and at the same time fail to inform the client of cost-saving options that reduce their own revenue stream. For example, the provider may or may not incorporate administration of COBRA benefits into its services. One HR director reported that her provider did; another reported that she had administered the COBRA herself until she was pleased to discover that it could be inexpensively contracted out to the provider for a nominal additional charge. But it took some time for the first director to discover that the administrative fee paid to the provider could be redirected to a broker who would act as an advocate and agent for the jurisdiction in administrative relations with the provider. Another HR director commiserated about the very favorable fixed-fee agreement he had negotiated with a large national health insurer, which was raised upon renegotiation of the contract with no other reason being given than that his rates were "lower than anyone else's." It was still the best deal available, because the insurer had so much leverage to force low fees for itself from a broad network of health providers.

### Small Firms and Individual Providers

Small consulting firms and individual consultants range from generalists providing assistance in solving specific problems or implementing small-scale general systems to specialists such as the psychologist who designs assessment and testing procedures or the computer consultant who designs and adapts software and small computer networks. The smaller firms and individual consultants have tended to report that they can always undercut the larger firms on price because of cheaper overhead costs, and the literature on consulting tends to bear them out and to further argue that they often provide more carefully tailored and conscientious attention to a client's needs (Shenson, 1990). At the same time, however, the smaller office must devote a large amount of time—perhaps as much as a third of the work year—to the development of new business (Shenson, 1990; Tompkins, 1995). In addition, small consultants may not advertise at all but obtain manageable numbers of clients through referrals and word of mouth. A significant amount of their time may be spent attending association conferences and meetings or meeting with prospective clients to discuss problem situations that do not generate paid business.

The mid-sized city with a big project often finds small consultants more adaptable and reliable. By the nature of their business, they are usually interested in repeat customers. While smaller consulting firms may not have the large and specialized staff of the bigger firms, they may be able to select and manage staff more precisely to fit the particular kind of service they provide and serve very well the simpler, more generalized needs of the smaller clients. They may develop enduring relationships with a number of communities on a retainer basis and can become advocates for professional innovations such as objective hiring procedures and performance-based compensation. If they are located within driving distance of the client city, they are better positioned to become involved in the ad hoc meetings, discussions, and problem-solving activities associated with open-ended problems.

For example, consider the situation in which elected officials have carried out an unlawful dismissal or promotion and need to rectify the situation. The consultant is the individual who may be able to (1) command the respect of the elected officials by dint of professional status and background, (2) work out a resolution of the immediate problem through appropriate and legal measures (such as reinstatement with appropriate compensation), (3) progress as necessary to the design or modification of appropriate promotion or dismissal procedures for future application, and (4) pursue implementation and adoption of these procedures through a series of meetings, negotiations, and formal approvals. Another example is the computer consultant who is able and willing to work through the problems involved in adapting a particular software package such as an applicant-tracking system to a city's particular administrative situation.

The need for such customized and attentive services is difficult to capture in an RFP, and in fact, individual freelance consultants often work without contracts, expecting to bill for hours used. They may become committed advocates for progressive practices for their clients (for example, professionalism in hiring or performance-based compensation). And in the process, they may occasionally find themselves associated with one or another side in local factional disputes, whether or not they intended to be.

A particular disadvantage of small consulting firms is their inability to provide multiple specialties. By way of illustration, it is the larger general management firm that will typically be able to not only provide a new class and comp system but also provide software packages specifically adapted to modify the classifications and salary ranges over time (if the system is properly designed and functions as expected) or to manage performance appraisal data. It is the larger health services firm that may be able to augment an EAP contract with support from specialists in the subfields of psychology, counseling, and rehabilitation. Yet the larger firm may also try to market administration of the add-ons as an outsourcing agreement.

The smaller, local outsourcing offices were often valued by HR directors because they were easily accessible and observable and therefore more easily controlled. They may also be able to arrange access to the services of the larger providers when needed (for example, insurance providers or counseling services for the EAP). Since many of them are selected on the basis of personal knowledge and professional services agreements, it is possible that the smaller communities outside of metropolitan centers experience limited competition in their markets. HR directors did not comment on this, but it may be that they just did not perceive it.

### **Moonlighters, Associations, Councils, Consortia, and Institutes**

Moonlighters, associations and councils of governments, and state agencies for local government will typically be cheaper than commercial consultants, or even free of charge (depending on fee structures and inclinations to civic volunteerism), and may have particularly refined expertise for dealing with certain types of problems. Their availability and levels of service and skill can vary widely according to local circumstances. Some, such as those in urban centers, can be broadly competent and highly skilled. If councils or agencies of local government with technical support staff are available at all, they tend to have limited resources and to be preoccupied with basic needs in the smallest or most underdeveloped communities. Moonlighters are likely to include individuals carrying multiple career responsibilities, such as the protective services employee who has developed expertise at administering assessment centers and will do so effectively for much less than the general market would charge.

University institutes and centers, nonprofit consortia, and joint-power public agencies negotiate contracts for services in much the same manner as commercial firms, may have extensive and refined capabilities, usually have a sense of public service mission, and will typically also be cheaper than commercial providers because they operate on a nonprofit basis. Again, availability varies. Some states have organized and subsidized large university public service institutes; others have not. Nonprofit firms and interjurisdictional agencies are more likely to exist in supportive environments such as metropolitan areas and in states (such as California) that facilitate joint-power arrangements but may be starting to emerge on the national level (for example, CPS Human Resource Services). When organized as government agencies, they may have the advantage that contracts with them can be written as intergovernmental agreements rather than commercial procurement contracts.

### **HR Colleagues**

When the HR managers were asked to rate the usefulness of their “sources of consulting support,” all gave particularly strong ratings to their colleagues and local HR management associations. Other sources identified earlier in this chapter, with the exception of commercial consultants, received much less emphasis, based on a variety of factors, including lack of availability (for example, of a university institute), resources (for example, very limited and overcommitted staff in state agencies or councils of government), and relevance or appropriateness (lacking skills or knowledge that were particularly needed). The managers were asked to assess their experiences with different types of consultants and service projects. Their responses are an important component in the discussions of the selection and management of consultants that follow.

## **FINDING CONSULTANTS AND CONTRACTORS**

Asked how they identified qualified consultants and outsourcers, HR managers placed a high value on informal and interpersonal contacts with fellow HR professionals and consultants themselves, including contacts through the professional associations. Typically, when they did send out requests for proposals concerning a large contract, they wrote the RFP themselves and generated their own mailing list. For a classification and compensation study, the mailing list would typically run to between fifty and one hundred names. These would include some firms picked up from advertising in sources such as professional association newsletters, journals, and conference programs, but heavy reliance was also placed on recommendations from fellow HR professionals in other communities. Other sources identified by some as potentially useful included professional and trade journals (if the managers got a chance to read them) and



contacts with a chosen state agency, association of governments, or university institute. The usefulness of these sources depended very much on their individual accessibility and expertise. Solicitations from consultants were generally not considered very useful, except as entries for the mailing list.

Directories of consultants were hardly mentioned, which is mildly surprising given the increasing availability of such information over the Internet. Perhaps the most elaborate source is the one provided by the Society for Human Resource Management (SHRM) through its “Consultants Forum,” which can be searched by state (<http://www.shrm.org>). Directories that are perhaps more public sector-oriented are also provided by the International Personnel Management Association (IPMA) through its HR Center (<http://www.ipma-hr.org>) and by the Consortium of University Personnel Administrators (<http://www.cupahr.org>). Printed sources still include the Yellow Pages and the information section published in SHRM’s journal, *HR Magazine*; the *IPMA News*; and the annual “HR Vendor Directory” with a “Vendor Web Finder” section in the journal *Workforce*.

Coverage of the smaller, local providers is likely to be spotty at best in such directories, and the reliance on personal networking to identify them is quite understandable. The interviews with HR managers suggested a potentially important difference, however, between the approaches used to recruit consultants as opposed to outsourcers. Small-scale consultants seemed more likely to be identified and recruited through networking, whereas small-scale outsourcers were more likely to recruit the manager. A jurisdiction might, for example, take a contract with an EAP provider because the provider had approached with what appeared to be a good proposal and stay with that provider, perhaps for years, until dissatisfaction forced a new hunt or a new provider approached with a new offer.

## BIDDING, CONTRACTING, AND COSTS

There are few guidelines or standards on whether contracts of a certain type should be put out for bids, whether and how contracts should be written, and what given services should cost. The general literature does address customs, conventions, and advice about bidding and contracting, and some detailed consideration given to cost factors and market trends can be incorporated into a determination of reasonableness (Shenson, 1990). General examples of agreements for services can be found (Fishman, 1998), and one source published in England (Bailey and Sproston, 1993) includes a discussion of RFPs and a sample RFP for recruiting training consultants. Books on general management consulting do include general chapters on recruiting, selecting, and managing consultants (for example, Holtz, 1989; Shenson, 1990; Kibbe and Setterberg, 1992).



The HR directors who were interviewed, however, tended to write their own RFPs and contracts for each project (often with the help of other HR directors) or obtain them from some other department designated to carry that function (such as the finance department).

### Bidding and Contracting

Bidding practices are influenced by state laws, local policies and administrative regulations, custom, and simple practicality. HR directors may have considerable discretion. A common practice is to distinguish between professional services agreements and acquisitions and to formally require RFPs only for large acquisitions, defined as those costing more than some threshold figure, such as \$10,000. Most professional consulting services and small-scale outsourcing are defined as professional services and may be analyzed for comparative prices but not formally bid. Benefits coverages (especially health insurance) and large consulting projects (especially classification and compensation studies) will be bid out to ensure as much choice as possible, even if doing so is not technically required.

The process of writing RFPs, reviewing bids, and negotiating and managing contracts could easily be the subject of several books and cannot be comprehensively covered here. Some key dilemmas can, however, be highlighted, based in large part on the comments and advice of the HR directors.

**Knowing Options.** A particularly important subject for which both additional research and technical support for management are needed is the identification of alternative solutions that may not emerge from bidding processes or easily accessible market scans—for example, how to find a cheaper, simpler software system that meets the needs of the jurisdiction for \$2,000 instead of \$20,000. For the most part, HR directors seem to rely on opportunistic inquiry and chance encounters: directing a lot of questions at consultants and fellow HR professionals; consulting publications, data banks, or any other readily available sources that might produce useful ideas; and chancing on a new opportunity when a consultant or an outsourcer walks in with a good proposal. The alternatives must still be evaluated, of course, against the specific needs and attributes of the jurisdiction.

**Specifying the Desired Outcomes and Terms.** To contract for services, the jurisdiction must know what it wants and the cost, yet it may not be certain of these until the negotiations are well advanced or even until the service is being delivered. It may start a simple compensation project and discover additional needs—a better manpower plan, a complete classification rework, a performance-based compensation system, a new performance appraisal system, a goal of market parity that turns out to be unaffordable and must be scaled back. In the effort to

compensate, the jurisdiction may try to negotiate in destructive ways—getting a contractor to commit to a price and then trying to get additional work for the same price, trying to add the work after a project is already under way, or “chiseling” the contractor by asking for consultative meetings to get ideas that can be implemented without using the contractor (Finney, 1996). Solutions include willingness to invest in careful planning, to renegotiate cost and content simultaneously, and to commit to a sincere partnership (on both sides).

**Knowing the Service Will Be Effective.** The dilemma for the HR director may be illustrated through an endemic concern in the use of all consulting services: the provision by consultants of materials and solutions that are either completely predesigned (“canned”) or partially adapted to the needs of a particular client. Canned solutions may include predesigned classification and evaluation systems, training materials, computer systems, personnel policies, testing and assessment procedures, and disciplinary procedures. A specific example might be the consulting psychologist who agrees to provide training on supervision and delivers a wholly boilerplated package on interpersonal styles. The package may be very useful in developing needed general skills among supervisors, but the problem must be adapted to the package rather than the package to the problem.

But there is no hard and fast rule about the utility of canned solutions. If they do in fact meet the needs of the jurisdiction and if the consultant is willing to pass along the savings of providing a canned service, they may be the cheapest and most efficient solutions for a variety of problems. A senior, experienced consultant may have a data bank of job descriptions developed for local government in a particular state and may be able to adapt them very effectively to particular situations, billing more per hour for less time and with a lower overall cost than a junior consultant writing the descriptions from scratch. If, however, the consultant provides a canned solution in lieu of spending adequate time studying and specifically addressing a client’s unique needs, the jurisdiction may suffer.

**Choosing the Payment and Incentive Structure.** Strong arguments are made by both HR directors and consultants for fixed-fee agreements, in certain contexts and for certain purposes (see, for example, Shenson and Wilson, 1993). In health insurance coverage, they eliminate the incentive that a percentage-based reimbursement would create for the provider to maximize claims payouts. In consulting projects, they prevent open-ended charges and eliminate incentives to increase costs in such areas as contract recruitment of executives (Wells, 2003). They provide a relatively firm and preagreed basis for cooperation. But they envision fixed outcomes and deliverables. A relationship involving access to “as needed” services will have to be based on a unit rate—for example, an

hourly rate to a consultant—or perhaps a retainer fee with an agreement concerning the maximum number of hours available on the retainer and the cost of extra hours. Trust becomes even more essential in such relationships.

### Costs

Commercial HR contractors, in addition to allowing for profits and benefits, must cover all of their overhead expenses—office costs, communication costs, staff salaries and benefits, materials, travel, and so forth. These costs can be highly variable and may be difficult to predict; for example, travel costs in particular may depend on how much mileage or airline travel is necessary and the extent to which the consultant is able to arrange for reduced fares. Consultants must also somehow recoup the costs involved in preparing or negotiating unsuccessful bids and proposals as well as costs of time devoted to outreach and networking and to pro bono activities such as conference presentations or answering incidental follow-up questions on a project. The multiple lines of authority in local government may have major implications for project time frames and communication requirements. For example, a major project in a government HR agency may require multiple presentations that would not be required in a private company—to the HR staff, then to the city manager or chief executive officer, then to the mayor, then to the city council members—possibly individually, then collectively, and then in formal session. Finally, if a contract is a fixed-fee agreement, the consultant or outsourcer must hedge against the risk of underbidding. Estimating the costs of a project or service by calculating the direct costs the jurisdiction would have to pay to do the same project can be highly misleading (Siegel, 2000).

The available professional literature does provide some notions about what these costs might be. Some approaches are highly impressionistic, suggesting that what consultants charge is a matter of their “feelings” (Weinberg, 1985) or how much they want to earn in a year (Holtz, 1989) and may open discussion of fees with speculative figures such as \$2,000 a day (Pophal, 2000). In a more analytical moment, Holtz (1989) suggests that \$62.50 per hour or \$500 a day would be a “competitive rate” or perhaps a bit low (in 1999). These figures contrast with results of an earlier general survey of rates reported by Shenson (1990), which yielded a range from \$300 to \$1,500 a day, with a median daily billing rate of \$769 for HR consultants. This survey is, of course, now outdated, and more recent surveys are not available. Straight-line inflation would have more than doubled the amounts, but the consulting market may or may not have followed the general inflation curve. Anecdotal figures provided by the HR directors suggest that at least as far as mid-sized cities are concerned, the increases have been more moderate, and \$1,500 to \$2,000 a day would be considered an exceptionally high price. But rates must vary with the nature of the service, the seniority and competence of the consultant, and the economic and

client markets. Finney (1996) quotes one consultant as saying that he never negotiates rates—but does give a 20 percent discount to nonprofit clients! Costs should probably be expected to be lower for consultants in small-town and rural environments than those in metropolitan centers and for those specializing in the public sector compared to those covering the corporate market. Large general consulting firms, however, may use standard billing formulas, based on such factors as compensable hours, that are not adjusted to sector or location.

To provide additional information about costs, HR directors were invited to provide examples, but the content of services being compared can vary: for example, EAPs can vary in the number of counseling sessions covered by the base fee (four, six) and in the ancillary services provided (brown-bag training lunches, educational materials for distribution). Class and comp studies may involve different mixes of redesign in the job descriptions and the compensation plan. The results are not a systematic comparative survey but provide some suggestive information about costs for this group of jurisdictions.

The types of consultants employed by the interviewees included pension investments advisers, accounting and budgeting advisers, HR attorneys, arbitrators, health and dental consultants, and ergonomics and safety consultants. Fees tended to range between \$150 and \$200 an hour for professional consultants (accountants, lawyers, professional consultants) but be somewhat less (around \$125 an hour) for others. Costs for trainers varied widely, in part with the type of provider: from pro bono presentations by local speakers and professionals (lawyers, doctors, professors) to \$300 or \$400 for a professor to present a half-day or full-day training session to \$1,000 to \$1,500 for a training session by an attorney, computer specialist, or independent consultant. Training could also be arranged on retainers (for example, \$4,000 for six one-day sessions and one two-day session each year) or through participation in a community consortium (for example, \$2,000 a year to send employees to joint training programs) or through courses taught out of a local community college (for example, \$4,800 plus books for twelve to fifteen trainees).

Among the smaller-scale outsourcing services, basic random drug tests were quoted at between \$30 and \$59 each, the highest price being in the Northeast. Basic physical exams were quoted at \$125 to \$200 each, but more (up to \$425) if special tests such as treadmills for protective services workers were required. EAPs tended to be relatively inexpensive but vary quite widely in cost, from as little as \$5.81 per covered employee per year in the Northeast to as much as \$36.00 per year in the far West and deep South. Variations in services did exist—numbers of free counseling sessions per incident before referrals (typically four to eight), number of incidents covered, free training sessions provided, availability of educational materials, quality of the counseling staff, and whether the staff was directly employed or provided through a consulting network. But the basic service packages and the utilization rates (typically 5 to 7 percent of the covered workforce per year) tended to be much more comparable than the costs.

During interviews, HR managers and consultants identified seven different class and comp projects in which they had participated or with which they were directly familiar. The content of the projects did vary, from a redesign of the compensation plan itself to a basic reworking of the overall classification and compensation system. The managers cited bids for four, which ranged from \$35,000 to over \$300,000 (the latter bid probably being an outlier—the top bid was more typically between \$100,000 and \$200,000 and typically from a large firm). Asked how they arrived at bids on such projects, the consultants described some varying formats for estimating their costs, but close attention was typically given to the number of job descriptions to be analyzed and prepared and the number of interviews to be conducted with employees. They seemed to be less systematic in their projections of the time spent on liaison with the elected officials and city executives but alert to its importance.

Of the seven projects described, four were eventually contracted for \$50,000 and two others for about \$40,000. The two lower-cost contracts involved special considerations. In one, a city agreed to do all of the typing itself. In the other, solid job descriptions were in place, and the provider was willing to reduce the cost after the contract had already been agreed to. The seventh contract was conducted by a consortium of cities, and the city that responded paid \$6,000 to adapt the results more specifically to its own system. Another city, which had not known of this option, contracted for a full rework of its own—for \$50,000. None of these projects involved add-ons such as a redesign of performance appraisals. One firm did propose a new computerized system for which it would maintain and report data (for a fee), and the initial installation was bid at \$5,000. In another case, a recalcitrant division did not participate conscientiously in the job analysis phase and then complained about the results. The consultant had to be recalled to redo the analysis for that division, and the charge was \$5,000. Another typical add-on in the current market would be design of a performance-based or skill-based pay system (one skill-based add-on being bid at between \$10,000 and more than \$50,000).

Although health insurance coverage and administration is one of the most expensive and challenging services HR managers must provide, comparative costing for the service is far too complicated a subject to be systematically covered in one chapter. The HR managers were asked about the administrative costs of TPA services for their health insurance plans, but the figures provided, ranging from as little as \$14 per contract per month to over \$100, are largely meaningless without detailed knowledge of the insurance programs. Features that affect costs include whether the jurisdiction is “self-insured,” its claims history, the range of provider networks offered, deductibles and caps on employee out-of-pocket costs, the level of competition among nearby health providers, whether there is a separate drug card or formulary coverage and its generosity, and the range of administrative services provided—utilization reviews, COBRA administration, and the like. It is probably in this area that small city managers

feel most keenly the need for deep research support and its lack. Experience, networking, and the hope of good bids must substitute.

In judging the reasonableness of cost, the old adage that “you get what you pay for” is relevant but simplistic. A costly consultant may or may not provide what you need; a consultant being financially pressured by a contract is particularly unlikely to do so, and a consultant with a demonstrated record of reliability and advanced expertise can generally charge more in his or her market environment and is likely to be worth it if properly used. Shenson and Wilson (1993) advise consultants to base costs on value, not time, and to cut time and resources if forced to cut fees. Trade-offs between cost and quality are a serious consideration. For example, pressed to reduce the cost of a class and comp contract, a consultant may have to reduce the number of interviews to be conducted, resulting in poorer employee understanding and acceptance, or may try to cut corners on the design features of the system. However, a loss of some degree of personal or timely service by a health insurance TPA may be offset by a sizable cost saving.

## **SOME PROMINENT PROBLEMS IN USING CONSULTANTS AND OUTSOURCING**

The comments of the HR directors and consultants highlighted certain common issues and problems among the many that can emerge from the contracting process. Size of the project seemed to be a particularly important dimension in the use of consultants, while administrative control and market issues seemed prominent in outsourcing.

### **Problems Using Consultants**

The existing literature on consultants gives some idea of problems that clients may experience with consultants they hire. There are, for example, general statements about poor project design and ethical concerns (Holtz, 1989) and discussions of more specific problems in particular markets (Menagh, 1993; van Kirk, 1992, on computer consulting; Luden, 1992, on executive search services; Kibbe and Setterberg, 1992, on consulting to nonprofits). A systematic examination of performance problems in public sector HR consulting could not be found and is beyond the scope of this chapter. The following sections, however, review some problems that seem prominent in the experience and comments of HR directors and consider some options for addressing them.

### **Small Projects**

HR managers seemed to have few complaints about the smaller projects with which they had experience. Those mentioned included consultants who had pandered to elected officials' interests in contemporary fads such as privatiza-

tion or quality management and, in the process, overpromised results; consultants who provided canned training; and consultants who did the work to get onto a fee basis and then stopped actively working for the best interests of the client. Some HR directors and municipal department heads also concluded, or at least suspected, that they might have achieved just as good a result through their own methods as they did by hiring the consultant and executing the contract—in one case, for example, the personnel results achieved through an assessment center matched closely the choices the manager would have made anyway. If trust in the judgment of the selecting officials is not a problem and the objective perspective of the consultant is not an advantage in choosing personnel, an assessment center may indeed be unnecessary.

### Large Projects

Among the managers interviewed, projects in the area of classification and compensation were by far the largest and most complex externally bid projects with which they had recent experience. Seven reported recent involvement with such projects (three in the first round of interviews and four in the second). These projects were undertaken for a variety of reasons: to update classifications that had been patched together by operating departments over a period of years and that used inconsistent language or had simply become outmoded; to obtain a state-of-the-art system incorporating pay for performance; to reintegrate and standardize personnel positions after a merger; and to push compensation to parity with the surrounding job market. In addition to being expensive and difficult, these projects are likely to be the most traumatic for HR managers. As one HR director put it during the first round of interviews, two fellow HR directors had “warned me that class and comp would be the most difficult thing I ever did, and I wouldn’t believe them; now I know.” The replacement who took over after his promotion had to implement an update project and regarded it as a “baptism of fire.”

Many of the frustrations and challenges in class and comp projects are inherent in the process of reviewing and changing the criteria by which employees are paid. Controversy may arise from the contracting and design process itself, from technical issues, and from the processes of organizational politics, communication, and accommodation. Thus the city must resolve such technical issues as identifying its compensation goals (will pay be set at high, medium, or low market standards?), resolving the form of its reward structures (will it emphasize seniority? pay for performance?), and even choosing its basic managerial climate and philosophy. And choices on these issues carry assumptions with them. For example, a decision to adopt pay for performance carries the assumption of a performance-oriented culture and virtually requires extensive training to work. Moreover, because no city is exactly like another in organization and functions, specific adaptation of any boilerplate material used is particularly important in class and comp studies.



Adding to the challenge is the simple fact that compensation issues are inherently explosive: employees tend to assume that they are underpaid and that an objective review should produce higher wages. Also, when attention to compensation is aroused, issues in equity provide rationales for political and managerial maneuvering and gamesmanship. Tensions may be heightened by environmental factors such as the degree of unionization and the labor relations climate or the political climate. Members of a city council, for example, may attempt to intervene in the process of developing a new classification system in order to ingratiate themselves with the workforce or to embarrass a mayor or an administrator they do not like. The council must accept the compensation standards and philosophy that undergird any new pay system, and it is important to ensure that the council is sufficiently informed and supportive during the system's development so that an unexpected curtailment or rejection does not occur when the system is ready for implementation.

A majority of the projects discussed with the managers encountered significant problems. Among the common problems were job descriptions that were too "canned," poorly or inconsistently written and worded, or full of errors. When designing a classification plan, a consultant experienced in large-system approaches might propose a complex career ladder for a small city, resulting in an entire career track that might have one employee. The employees themselves might become part of the problem. For example, division directors might fail to support the analysis process. Some employees or even an entire division might fail to complete the position analysis questionnaires conscientiously. Such problems can cause extensive delays in completing the system and loss of legitimacy for the entire process in the eyes of employees. Resolution may require such means as applying intensive backstop work by the HR staff, bringing in a second contractor or extending the contract so the contractor could do the extra work, or suspending parts of the project, such as the implementation of the new compensation scales or the design of a new performance appraisal system. The backstopping work by the HR staff might involve completing the job descriptions themselves, carrying out the compensation plan themselves, suspending performance appraisals for an extended period of time because the old ones were outdated and the new ones were not ready, and terminating the original contract or negotiating a follow-up contract with a different contractor to complete the lagging stages of the project.

It is perhaps not surprising that a litany of problems tends to recur naturally in something as complicated as class and comp studies. Here are a few more examples, drawn from the comments of both municipal managers and consultants:

- A contractor can lead employees to believe that everyone will be interviewed during the job evaluation process or that dissatisfaction with a new compensation system can be alleviated because every employee can appeal his or her classification.



- The advance representative of the consulting firm who negotiated the details of the contract can turn out not to be the project director, and the actual project director does not succeed in winning the trust of the municipal staff.
- The consulting staff that conducted the job evaluation process on site can be overworked with too many project assignments, can be inexperienced, or can spend all the promised time doing the on-site interviews but then hand off the results to other staff who do not use them effectively.
- Some municipal managers or employees can succeed in “snowing” the consulting staff—persuading the consultants that they are actually doing more, and more responsible, work than is the case.
- An employee committee conducting the initial audit and the planning leading up to the project can be too large (twenty members is a realistic maximum). Having too large a committee can lead to such problems as factionalism, difficulty in arranging meetings, uneven productivity among members and subcommittees, and the need to ensure that all members have the minimal understanding needed to participate effectively. The committee may also have few or no people with direct HR experience. It can include people who think they know more about compensation than the consultants. It can decide to force the contract review away from a consultant with which the city has experience because the committee members want to try somebody new, perhaps hoping for compensation more to their liking. (One manager reported using a larger committee of thirty members because it was necessary to represent all the affected departments and divisions; it succeeded because the members were all experienced and were interested in a reasonable process because of bad experiences with a previous process.)
- Employees or employee groups can challenge the consulting staff’s expertise or findings, seek intervention from elected officials, or even conduct their own independent salary surveys.
- Members of an employee or management committee can assume that they are experts on compensation and can pass over previous consultants in reviewing bids, not because the consultant did poor work, but because committee members do not like the results of previous compensation studies and refuse to believe those studies were valid.

### **Problems Using Outsourcing**

As mentioned earlier, studies of outsourcing have identified certain recurring problems in industrial firms and state or national agencies. These have included loss of control of information and basic functions for which HR is legally accountable, loss of expertise among employees, failure to adequately prepare employees for change (especially in their responsibility for managing their own benefits), issues of employee displacement, legal complications, and failure to meet cost reduction expectations (Bates, 2002a; Drinan, 2002; Elam, 1997; Gelman and Dell, 2002; Lawther, 2003; Siegel, 2000). It has been argued in the area of information technology (IT) that companies tend to underestimate

the cost of the outsourced contract, leading to unpleasant experiences for both the contractor and the outsourcer when the real costs have to be confronted (Chapman and Andrade, 1998). In a particularly extreme form, the loss of expertise to IT outsource providers has led to extended reliance on consultants to act as intermediaries between agencies and IT providers, the consultants then develop the power to control the decisions and drive programs in directions that interest or benefit them (Peled, 2001).

Two additional issues that deserve consideration, at least in local government, are inflexibility in the available services and the costs of changing providers. Outsource providers may develop packages of services and prices that they prefer to market and may charge generously to adapt these to local circumstances, essentially forcing the adoption of undesirable features. Any idea that there will be a bounteous supply of providers bidding on all contracts and offering all possible service options for choice is simply unrealistic, particularly for the kinds of larger contracts that local governments are likely to want—in benefits coverages and IT. This can prove particularly galling to HR managers when major IT revisions that negatively affect them are contracted for through the auspices of another department (an IT division, the finance division, or some other). Moreover, once in possession of a contract, the outsourcer may prove a less than forthcoming partner—as when a health provider raises rates just because they are higher in other jurisdictions or refuses to generate basic administrative information on the use of health services for the municipal official directly responsible for administering the program (and therefore legally entitled to see the information) on grounds of HIPAA compliance. One idealistic view might be that the details of services and control simply need to be worked out ahead of time in the contract; the reality is that anticipating and negotiating every detail of a complex contract is often beyond the time, information, and even contracting skills of the participants. Genuine “partnership” is probably a better option.

The negative aspects of changing providers are also potentially sizable. Consulting projects simply end, sooner or later, but an outsourcing relationship is ongoing and usually requires some degree of mutual learning, adaptation, and cooperation. Rebidding the service confronts the jurisdiction with the possibilities of losing this mutual understanding, having to break in a new provider, and ending up with costs and results that are no better or even worse.

The interviews with the HR managers suggest that these concerns will apply particularly to the more expensive outsourcing arrangements with firms outside the community. Few problems were expressed with the smaller, local providers, and when problems were encountered, changes in the professional services agreements were made with relative ease. As noted earlier, one potential negative for communities outside of major urban centers might be a relative lack of competition among local providers. But the experiences of the HR managers also confirm that competition is not always all it is cracked up to be; close contact with a neighbor may be a better medium for developing a satisfactory partnership.

## EVALUATING CONSULTANTS AND PROPOSALS

Such problems lead naturally to the desire for systematic methods of consultant and project evaluation and selection that can ensure their effectiveness. Alas, there aren't any. Prevailing methods of trying to ensure successful outcomes include the use of carefully selected review committees to consider proposals, the use of references, and attempts to carefully negotiate details of implementation (using the negotiation process as an opportunity to probe for information).

### Committee Reviews

In reviewing, say, a class and comp proposal, a normal practice is to establish a review committee, representing several departments and using experienced managers and department members with extensive HR experience if at all possible. As already noted, however, the larger a committee is, the more factionalism is likely to surface. Loading a committee with large numbers of rank-and-file employees who believe they are underpaid and who may or may not understand the technical aspects of compensation is probably begging for trouble.

### Assessing the Consultant

Reviewing the consultant's background and qualifications is vital, of course (see Manewitz, 1997) and may be particularly important in the current market as large numbers of former HR managers enter consulting to escape routine office jobs or to use consulting for transitional employment after being downsized ("Increase," 2003) and as tight economic conditions push consultants into new markets and services (Wells, 2003). Checking consultants' references is considered essential by HR managers and by responsible consultants too. ("I begin to get worried when they don't even call the references," said one consultant.) Unfortunately, there are as many problems in using references to evaluate consultants as there are in using them to evaluate job applicants. HR managers *did* consult references, either formally or informally, in all of the class and comp projects that developed significant problems, and the references were positive—the firms were reputable and experienced, either in class and comp specifically or in general management. Problems occurred anyway.

Attempts to refine the reference process lead naturally to efforts to get more and more detailed information. One way to do this is to ask for a complete list of all similar projects that a consulting office has conducted in a specified prior time period, together with contact people, in the hope of avoiding bias in the selection of references. A naturally attractive next step is to ask for specific samples of work, but this can be a major problem for commercial consultants—the work product may contractually be the property of the former client. Consultants have to deal with a certain amount of potential client gamesmanship—for

example, a jurisdiction may use the bidding process to acquire ideas and samples for its own use and then stiff the contractor. Of course, HR directors can ask a consultant's other clients for work samples directly.

The comments of the HR managers emphasize the critical roles that will be played by the consulting staff that will actually do the project. Some emphasized the particular benefits of having analysts for compensation studies who had direct experience in the work they were assessing—for example, former police officers or firefighters trained in position analysis. The decision about when to reveal major decisions—say, when to “go public” with a class and comp proposal—is crucial, since important changes (such as backing away from a plan that is too expensive) cannot thereafter be made without public debate and controversy. The project director must be able to handle this issue reliably and with discretion. Yet another approach to assessing a proposal might be to ask specifically who the project director is going to be and to ask for references on that person.

The personal style of the consultant or consultants may also be extremely important and may or may not match well with the community culture. Consultants who wear business suits and make technically showy presentations in a close-knit community with a culture of informality may appear arrogant and “out of touch.” Consultants who make relaxed and informal presentations where a display of confidence is expected may also fail to impress. “I am a workhorse, not a show horse,” one consultant told a review panel; in one community, the style impressed and reassured the review panel; in another, it was interpreted as indifference.

Some key questions that might therefore be asked, above and beyond the standard ones dealing with consultant experience and credentials, the basic work plan, and the budget, include these:

- What specific plans does the consultant have to promote employee understanding and acceptance of the new system? What prior experience has he or she had in doing so?
- What recommendations will be made for handling an appeals or review process? What role does the consultant expect to play in that process?
- Who will be the project director? Can he or she be interviewed before the project begins?
- What staff will be involved on site to conduct work (for example, position analysis). Will the same staff or different staff write the position descriptions? What other projects will the staff be working on at the same time as they work on our project?
- Is the consultant willing to furnish a complete list of references, including those for projects that were terminated or considered unsuccessful?

### Attention to Details in Proposals

Negotiating details of contracts is easiest for simple and short-term projects where the need is least pressing, such as projects for training or for the development of testing instrumentation. Implementation of a complex project such as a class and comp study, however, is an evolutionary and developmental process, the outcomes of which will depend on the combined effects of many factors, and the contract will be correspondingly more complex.

In the case of the class and comp study, the ideal objective might be summarized as timely completion of an accurate and carefully designed classification plan, followed by implementation of a precise and internally consistent compensation plan, with a reasonably high level of acceptance by the employees. The opportunity to achieve such outcomes will be affected by the interaction of such factors as the size of the city, the time and effort invested by the consultant, the managerial competence and objectivity of the city, and the technical requirements of the process itself.

In smaller jurisdictions with workforces of no more than three hundred or so, relatively simple approaches to job analysis may be appropriate (see Van Wart, 2000), and a consultant can achieve a high degree of natural visibility and interaction during the process of administering position description questionnaires and conducting desk audits. It is easier to talk with at least one incumbent in every type of position, and the contact is likely to have ripple effects throughout the workforce. Even supervisors are more likely to be effective vectors for transmitting a sense of involvement and objectivity to the workforce. As one consultant put it, "Some of those department heads spend more quality time with their employees at work than they do with their families!"

As city size increases, the city workforce becomes more differentiated—for example, the police department expands to include multiple layers of command, specialists such as detectives, and then specialized divisions. Contact and interviewing become perforce more selective, and more reliance is likely to be placed on paper communication. One conventional practice is to rely more on committees—for example, to train a committee of employees and supervisors representing a range of units to use a position evaluation methodology and to involve them extensively in the process of developing the new classification plan out of the position survey data. If the committee is effective, its members can assist in developing legitimacy for the new plan, and the necessity and cost of bringing consultants on site may be reduced.

Discussions with HR managers and consultants suggest that two basic city-consultant mixes are likely to be found in class and comp studies: the relatively small community relying on an individual consultant or small firm, typically staffed by one or a few experienced generalists, and the larger community employing a regional or national firm. In both cases, the prevailing approach to

compensation seems to be some variation on a point-factor analysis anchored on both local markets and the city's own tolerance for compensation costs, with adjustments for market anomalies as needed. Also, in both cases, a relationship of mutual trust and respect between the elected officials and the city's workforce on the one hand and between managers and employees on the other hand can make a major contribution to a systematic and reasonable process.

In the first case, however, an energetic consultant will invest considerable personal time in on-site contact and research during the development of the classification plan, using previously developed material but building trust and adapting the material through extensive personal interaction. By the time the process is completed, the resulting point assignments may be largely understood and anticipated by the workforce as a whole, promoting better acceptance among the employees.

The large firm working in the larger city will follow a more formalized process in which the classification plan may be developed with the cooperation of an employee committee or with a series of planned survey and interview cycles (or both). Interviews will be limited to samples. The plan itself may be developed through a series of three or four iterative analytical steps in which the results of the position surveys are projected into the point system, possibly using multivariate computer analysis to measure contributions of different factors to the content of a position. At each step, the results of applying the point system may be reconsidered and the allocations tightened and made more consistent. As the compensation plan is then applied to the classifications and becomes formal policy through adoption by the city council or legislative body, hard statements of dollar values are made. Some significant degree of tension and conflict is inescapable at this point in the process. This is true not only because employees must often accept less compensation than they would have wished but also because the process of developing the new system will inevitably create anomalies or disparities in rewards. One example is the senior employee who is found to be earning a salary already higher than the top of his or her new classification, confronting the city with the specter of reducing the compensation of an employee of long, devoted, and competent service. There are no perfect solutions to such a problem; a compromise must be found, such as grandfathering the higher salary into the new system but redlining all raises for employees who are above the maximum compensation for their classification until salaries come into line with the new pay ranges.

A certain number of complaints and appeals are also inevitable at this stage of the process (although a large number of appeals—coming from 30 percent of the workforce, for example—would certainly be regarded as an unacceptable outcome by most HR managers). In the small city that has employed an individual consultant, the consultant may be willing to meet with employees who have complaints, either individually or in groups, to explain the process and the

results, before the appeal is carried forward for formal resolution. This intervening consultation can be an important factor in educating employees and promoting their realistic understanding of the employment market. Formal adjudication may involve a committee, but smaller workforces are, if anything, perhaps more likely to exhibit avoidance of conflict than larger ones, and it is often the legislative body that hears the appeal.

Use of employee committees in the design or appeals processes is more likely in large organizations (those with thousands of employees) employing a large firm and in the public sector. They tend to be encouraged when there are complex cross-sectional issues to be resolved, together with a philosophy or culture that emphasizes a representative approach. Some members of a design committee may be rolled forward onto an appeals committee to provide continuity, but substantially new membership on the appeals committee will imply true objectivity toward the appeals. A relatively small appeals committee, which has members competent to understand and address technical issues in compensation (managers or technically competent employees, for example) and which takes appeals only on paper and not in person, is likely to be most effective in maintaining the objective consistency of the system. The natural hope is that in the more impersonal and administratively systematic environment of the larger jurisdiction, the committee will be able to confront conflict and enforce the new system more assertively than elected officials or a complainant's fellow employees could in the very personal environment that often characterizes small jurisdictions. However, bad experiences with political turmoil in such committees makes some consultants quite wary of them, and they prefer to resolve follow-up issues through interviews with key managers and staff. In socially compact smaller jurisdictions, these committees are likely to be a cumbersome affectation anyway.

## CONCLUSION—AND A BIT OF ADVICE

This review and the comments of the managers and consultants suggest a few ways in which HR managers in local government can strengthen themselves for the process of using consultants and outsourcing, particularly when they must handle the large projects.

### Be Prepared to Handle Details

By educating themselves and being prepared to negotiate and manage the details of projects, HR managers may increase their chances of detecting and avoiding not only basic lack of expertise in a consultant but also such problems as inadequate commitments of resources, inadequate provision for employee communication and education, and misplanning or neglect of technical details.



Adding to the difficulty is the fact that each process is likely to have unique elements. In class and comp, the key challenges have to do with timely and precise completion of specifically relevant job descriptions, design of a compensation plan adapted to specific local needs, and design of specific provisions for addressing resulting anomalies and maximizing employee acceptance. In the development of a new computer system, the key considerations to watch for will be realistic training provisions, postimplementation technical support, consultant biases toward specific products, needs for interfacing equipment and software, and ability to meet the specific analytical needs of the HR department. Self-education has been recognized as an important safeguard in computer systems contracting (van Kirk, 1992) and is equally appropriate for other technical HR functions.

Educated and prepared, an HR manager must still monitor the process of implementation. Asked what advice she would give her fellow managers, one manager who had discovered problematic language in a series of proposed new job descriptions warned that it is very tempting to feel that once a complex and daunting problem has been handed off to a consultant, “now I don’t have to look at it.” On the contrary she said, you must stay involved and watch the details.

### **Reconnoiter the Market**

Interviews with the HR managers suggest that when arranging small projects or services that do not have to be bid, and particularly when outsourcing, there is the risk of becoming passive and accepting the provider that initiates the contact. If the service obtained is adequate and the price not exorbitant, this may be a perfectly reasonable approach for an HR office already stretched thin. But it does risk loss of quality and thrift. Capacity allowing, the answer is to actively screen the market for alternative providers with better services and prices.

### **Be Prepared to Network**

Most HR professionals probably do not need to be told of the importance of maintaining a strong professional support network; many, however, seem not to act on this intelligence, either because of some personal constraint or because they are restricted by unsupportive attitudes among higher managers or elected officials. The HR managers clearly placed great importance on networking. Among its other benefits, it provides a primary source of reliable referrals to and information on consultants and outsource contractors. It can also provide access to ideas and solutions for a variety of technical problems (with the natural warning that a system or procedure specifically adapted for one municipal environment cannot be casually expropriated and implemented in another without great risk). With these and other benefits, professional networking among human resource managers is worth considerable cost in time, travel, and communication.



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# Employee Benefits

## *From Health Care to Pensions*

N. Joseph Cayer

Benefits, as part of a total compensation package provided by employers, play an important role in attracting and retaining employees. Referred to as *fringe benefits* in the past, benefits now represent a central part of compensation systems. Especially as the costs of all benefits continue to increase, employees consider the benefits package an important factor in deciding whether to accept a position or to remain in one (Champion-Hughes, 2001; Ellickson, 2002; Roberts, 2001b). Employers constantly evaluate their benefits packages as well, recognizing the role they play in overall payroll costs. Although traditional benefits packages included pension plans and health care, contemporary approaches provide benefits that change with employees' life cycles and are often referred to as *life cycle benefits* (Adolf, 1993), addressing employees' differing needs as they move through educational opportunities, parenting, and retirement.

At the beginning of the twentieth century, virtually no employers offered any more than direct compensation. However, types and number of benefits have increased continually through the years since then (Hostetler and Pynes, 1995; Levine, 1993–1994; Wallace and Fay, 1988). In some ways, public employers have been leaders in providing innovative benefits; in others, they follow the private sector. And as the number and types of benefits offered have grown, regulation of benefits has increased as well.

Public employers have traditionally offered more generous benefits across the board than private sector employers, partly because government employees

often receive lower direct pay than private sector employees. Health care and retirement benefits in particular have been more generous. In the public sector, the same level of benefits generally applies to all employees regardless of position. In the private sector, it is common to find different benefits packages for top-level executives and for rank-and-file employees. Such differentiation is difficult to justify in the political environment in which government organizations must operate. The electorate has little tolerance for treating some of its employees better than others, and this attitude has encouraged a leveling effect, although many elected officials (especially legislators) have been able to create especially generous plans for themselves (Zolkos and Philip, 1992). Government also typically covers more of the costs for public employees than private employers do, but the gap appears to be decreasing (Handel, 1992; Bureau of Labor Statistics, 2001).

Generous public sector plans have also resulted from another political reality. Because increased public sector pay often results in negative reactions from the public, who see its potential immediate impact on taxes, elected political leaders try to avoid being too generous with pay hikes. However, benefits, especially retirement benefits, often have a delayed tax impact because they do not have to be funded until later. The costs can be put off until someone else is mayor, council member, or school board president, so elected officials have had less concern with negative political reaction.

However, changing demographics are affecting the types and costs of benefits. The age diversity of the workforce creates a need for different types of benefits. The greater diversity of the workforce along other dimensions also suggests the value of different types of benefits. Single parents, dual-career couples, unmarried partners, and people with disabilities need more diversity in benefits.

This chapter examines the structure of contemporary benefits plans. It describes the variety of mandated and discretionary benefits public agencies offer their employees, compares public and private sector benefits, discusses how agencies are adapting to changing demographics and benefits needs, and suggests important challenges public employers must confront as they strive to maintain appropriate benefits plans for their employees in the present economic and political environment.

## THE STRUCTURE OF BENEFITS PLANS

Although benefits packages in the public sector have been more generous than those in the private sector, the public sector has expanded its use of comparable pay, and as studies of pay levels in other jurisdictions and in the private sector come to form the major foundation for setting pay, the disparities between the public and private sectors are disappearing (Bureau of Labor Statistics, 2000,

2003). Nevertheless, public employers still tend to cover more of the cost of benefits packages than is typical in the private sector. At the same time, however, funding levels are shrinking, making cost control an important element in benefits policy (Ellis, 1993; Roberts, 2001a).

Some benefits are mandated by national law or policy, and others are voluntary (discretionary) on the part of the government unit (see Table 31.1 for a summary). Mandated benefits include Social Security, unemployment compensation, workers' compensation, and family and medical leave. Discretionary benefits cover such things as health care, vacation leave, child care, elder care, employee assistance programs, and retirement pensions. In recent years, the variety of benefits offered to employees by all employers has expanded greatly (Ellis, 1993; Levine, 1993–1994). For example, the newer discretionary benefits offered cover benefits for domestic partners, legal services protection, vision care, and dental plans. These benefits have usually been added to already existing plans. With the costs of many benefits escalating in the late 1980s, however, employers began capping the funding to control costs. The funding caps usually allow employees to choose the benefits most important to them within a specified monetary allowance. In 1960, the share of total payroll that supported benefits for U.S. employers was 8 percent, reached a high of 38.2 percent in 1989, and went back down to 15.6 percent in 2001 (Employee Benefits Institute, 2002; U.S. Chamber of Commerce, 1992).

### Mandated Benefits

National government policy requires employers to provide some benefits to all of their employees. Often these benefits are referred to as *social insurance programs*. Many of them arose from the New Deal programs of the 1930s. They include Social Security, unemployment compensation, workers' compensation, and family and medical leave.

The *Social Security* program provides retirement income and also other types of social insurance that offer income security (disability benefits) to individuals who are unable to work because of injury or illness. Survivors of individuals who paid into Social Security also receive benefits. Medicare benefits are also part of the Social Security program. Until 1991, state and local government participation in Social Security was voluntary. Legislation in 1991 required inclusion of state and local employees not covered by a public retirement system. Concern over the solvency of Social Security has led to discussion of limiting benefits and incorporating Social Security pensions into formulas for distribution of employer pensions. So far, the ideas have not gone beyond discussion for the most part, but political pressure for dealing with what some view as an impending Social Security crisis keeps the discussions going.

*Unemployment compensation*, developed as part of the Social Security Act of 1935, provides temporary income to employees who have been laid off or have

Table 31.1. Public Employee Benefits Summary.

Benefit Type	What It Provides	Funding Source
<i>Mandatory</i>		
Social Security	Retirement pension for employee and survivors.	Employer and employee contributions.
Unemployment compensation	Temporary income for employee who is laid off or quits and who actively seeks employment.	Employer contribution and federal funds.
Workers' compensation	Part payment of employee's wages or salary and medical and rehabilitation expenses.	Employer contribution.
Family and medical leave	Twelve weeks of unpaid leave during any twelve-month period for childbirth, adoption, and care of spouse, child, or parent as well as for employee's own serious illness.	Employer bears indirect cost of employee absence from work. Employee bears cost of no income.
<i>Discretionary</i>		
Vacation leave	Some specified number of days off with pay—typically one to four weeks, depending on number of years worked.	Employer.
Sick leave	Some specified number of hours or days off with pay—typically a day per month for illness.	Employer.
Health care insurance	Medical and hospitalization coverage; often dental and mental health coverage. Preventive health measures: wellness, stress reduction, and exercise programs. Increasingly HMOs and PPOs.	Employer, traditionally; increasingly, shared contribution between employer and employee.
Disability	Long-term disability income.	Employee, at group rate.
Life insurance	Life insurance policy for a limited amount—employee may purchase more at the group rate.	Employer often purchases a limited-amount policy. Employee may purchase more at the group rate.

Table 31.1. Public Employee Benefits Summary, Cont'd.

Benefit Type	What It Provides	Funding Source
Prepaid legal insurance	Policy to cover legal expenses.	Employee, at group rate.
Tuition reimbursement	Cost of work-related education and training paid.	Employer.
Employee assistance plans	Counseling and referral services for personal and family problems, including substance abuse, financial planning, and interpersonal problems.	Employer for a certain level of services. Referral to external services at a reduced rate.
Other work-related benefits	Travel support, employer vehicle, equipment (for example, computer). Suggestion awards—bonus in an amount equal to some portion of the cost savings from the suggestion.	Employer.
Retirement pension	Income upon retirement from employment.	Employer, traditionally; increasingly, employer and employee share contributions.

quit their jobs and are actively seeking employment. The program provides a fixed level of income for a specified number of weeks. Funding comes from a combination of employer contributions and federal monies. Employees unable to work because of work-related injuries are eligible for workers' compensation. These programs pay a part of an employee's wages and provide medical and rehabilitation benefits as well. Employer contributions fund workers' compensation programs.

The newest mandated benefit, *family and medical leave*, results from the Family and Medical Leave Act of 1993. All employers with at least fifty employees must permit employees to take up to twelve weeks of unpaid family and medical leave during any twelve-month period for the birth of a child; adoption of a child or accepting a child for foster care; care of a spouse, child, or parent; or care of the employee's own serious health conditions. Experience with the new benefit suggests that it is working well, although some private employers recommend modifying parts of it to fit requirements under other policies, such as the Americans with Disabilities Act, and to reduce the disruption of work flow (Buchanan, 1996).

## Discretionary Benefits

Public employers offer many benefits at their own discretion. These optional benefits are intended to play important roles in attracting and retaining employees. Almost all public employers provide health care and retirement pension benefits, as well as vacation and sick leave. Educational leave and reimbursement of tuition for job-related courses and training programs are also common. Increasingly, employers subsidize child care and elder care programs. The list of discretionary benefits is continually expanding (Boyd and Dickerson, 1990; Ellis, 1993; Levine, 1993–1994). To control costs, employers offer the options but cap the amount they will pay. Employees then choose the benefits most important to them within the amount of money the employer sets aside for benefits. These discretionary benefits can be categorized as leave, insurance, family care, personal and professional development, other work-related benefits, and retirement benefits.

**Leave.** Employers offer numerous types of leave to their employees, the most common being holiday, vacation, and sick leave. *Holiday leave* tends to follow the holiday policies of the national government, although there are variations from place to place. Most employees receive the national holidays, and some also receive other special days such as statehood day. Typically, these leave days add up to ten or twelve per year.

*Vacation leave* is also offered by most public employers. Typically, employees receive a week or two of annual paid vacation during the first two to five years of employment. Thereafter, they may receive more on a gradual basis until they reach some fixed maximum, such as four weeks. Similarly, 96 percent of state and local employees receive *sick leave*, usually accrued according to time worked (Bureau of Labor Statistics, 2001). Thus one day of sick leave a month, or the like, may be earned by the employee. The employee can use that sick day as necessary, although jurisdictions differ on whether illness must be verified through a doctor's note or other mechanism. Unused sick leave is often paid out in cash, but it may also be lost after a given period of time, such as a year. Many public employers offer *maternity leave* (59 percent) and *paternity leave* (44 percent) as well (U.S. Bureau of the Census, 1994). Some 38 percent of public sector employees receive *personal leave* (Bureau of Labor Statistics, 2001). Personal leave is usually a day or two a year that an employee may take for any reason as long as it is planned in advance. Personal leave is often provided for an individual's birthday. Thus these days vary for each employee.

To streamline their leave policies, many employers are experimenting with *comprehensive leave* policies. Agency members of the International Personnel Management Association reported that 43 percent of the members offer some form of comprehensive leave (Smith, 1996). Comprehensive leave combines vacation, sick, and personal leave into one block of time off permitted to each em-



ployee. As with each of the individual policies commonly used for vacation, sick, and personal leave, the employee may accrue time. Employers vary in whether or not they pay cash for unused leave time and whether they require that an employee must use at least a portion of it (such as forty hours continuous time off) before being eligible for payout on what is left over. Standardization of leave time under comprehensive leave helps alleviate some of the inequity arising from the differential use of sick leave and personal leave. Employees who do not use sick leave are often disadvantaged by sick leave policies. Some suggest, however, that eliminating sick leave per se may lead to people coming to work sick in order to save their comprehensive leave. Such a situation is not desirable either.

**Insurance.** Today employers offer insurance programs to protect against many eventualities. Health care insurance remains the most commonly offered insurance program. Long-term disability insurance, life insurance, and prepaid legal services insurance are other contemporary benefits offered by employers.

Typically, *health care benefits* cover many types of situations (Moore, 1991). Traditionally, the benefits covered medication and hospitalization to treat physical maladies and to maintain physical health. Gradually, mental and dental health care have been added to coverage. Eighty-six percent of state and local government employees have medical insurance, and 60 percent have dental care coverage (Bureau of Labor Statistics, 2001). To help stem the tide of cost increases in health care, employers now also focus on preventive health measures, which include regular physical exams and wellness programs focusing on nutrition, healthy lifestyles, stress reduction, and regular exercise.

The various health care benefits are not only among the most commonly offered discretionary benefits but also among the most costly for employers. Health care costs in the United States have risen sharply in recent years (Kaiser Family Foundation, 2003). Health care expenditures in 1980 represented 8.8 percent (\$245.8 billion) of the gross domestic product (GDP); in 2001, it was 14.1 percent (\$1.4 trillion) of GDP (Brouder, 1992; Employee Benefits Research Institute, 2003). The result has been rapidly increasing costs for health care benefits for all employers. In 1970, costs for medical coverage premiums were approximately \$20 billion. By 2001, this figure had risen to \$327 billion. These costs represented 3 percent of total payroll in 1970 and 6.7 percent of total payroll in 2001 (Beam and McFadden, 1997; Employee Benefits Research Institute, 2003).

Experiencing spiraling increases in health care costs, public employers, like their private sector counterparts, have been searching for ways to contain costs. In addition to the preventive measures identified earlier, employers have turned to alternative ways of delivering services as a cost control measure (Cayer, 1995; Kaiser Family Foundation, 2003; Handel, 1992; Streib, 1996). The traditional indemnity plan offered employees free choice in the selection of services, and the

plan paid the cost directly to the provider. Use of health maintenance organizations (HMOs) and preferred provider organizations (PPOs) instead cuts costs by reducing options for service. The employer contracts with an HMO or a PPO to cover the health care costs of its employees; each employee in the HMO program selects one of the group practices that has contracted with the HMO to provide services, and each employee in the PPO program chooses from a list of doctors who contract with the employer. The HMO or PPO agrees to deliver the service to employees on a fixed-cost basis. Employees may be required to pay a fee for services (copayment). Even with these approaches to providing services, costs continue to increase. For traditional indemnity plans, average cost increases in recent years have been approximately 20 percent, while costs for HMOs have increased an average of 8 to 12 percent and increases for PPOs have ranged from 10 to 15 percent (Cayer, 1995; Brouder, 1992; Kaiser Family Foundation, 2003). These cost increases strain the budgets of government jurisdictions, as they tend to pay almost all the cost of health care coverage. For example, virtually all cities and counties provide health care coverage and require employees to defray only a small portion of its cost (Cayer, 1995; Bureau of Labor Statistics, 2003).

Rising health care costs stimulate public policy debate about employer responsibility for provision of coverage. Changes in the mid-1990s have, by law, extended the portability of health insurance and coverage of preexisting conditions. Insurance carriers pass on the increased costs to premium payers including employers. Another controversial issue is universal coverage. If national policy should come to require universal coverage, employer provision of health care benefits likely would be affected.

*Disability benefits* beyond those mandated are another type of discretionary insurance (Finkle, 1997). Most public employees have short-term disability programs covered by their employer. Long-term disability is usually available, but the employee must pay for it. The insurance carrier for the employer makes the disability insurance available at a group rate, however, so the employee is able to access the coverage at a lower cost than if it were purchased individually. Similarly, many employers provide a life insurance policy for employees, often in the amount equivalent to a year's salary. Employees may then purchase additional coverage at a group rate.

*Legal insurance* has become available through employer benefits programs. Public sector employees are generally indemnified for their activities as long as they act in good faith and within their authority; however, legal insurance allows additional coverage to be purchased for non-work-related legal services, and employees may opt for it as part of their benefits package. In some cases, the coverage may be offered as part of a cafeteria plan; in most cases, however, it is offered as optional additional insurance that the employee pays for at a group rate.

**Family and Medical Leave.** The Family and Medical Leave Act of 1993, as mentioned, mandates leave to take care of ill family members, be home with a new child, or tend to employees' own serious health conditions. Employers often choose to offer other support for family responsibilities as well. Seven percent of public employees are eligible for child care benefits in the public sector (Bureau of Labor Statistics, 2001). On-premises child care services are sometimes provided at a subsidized price. Otherwise, employees may receive a subsidy for off-premises child care. Even more state and local governments (13 percent) offer elder care programs, recognizing the responsibilities many employees have for elderly parents (U.S. Bureau of the Census, 1994).

**Personal and Professional Support and Development.** In recognition of what Paul Sandwith (1993) calls "the triple threat of most organizations today"—"demands for improved quality, reduced costs, and constant innovation," employers encourage employees to participate in *human resource development activities* for professional growth. Thus most government employers reimburse tuition for employees taking job-related courses or degree programs. They also provide training and development programs. Many have their own internal human resource development programs and support employee attendance at external programs. In many cases, employees have a certain number of training and development dollars set aside that they may use for education and training programs. Increasingly, government jurisdictions require employees to participate in a minimum number of hours of training each year.

National government training and development programs serve as models for other levels of government. With the Government Employees Training Act of 1958, the national government recognized that employee skills quickly become obsolete, and the act created training and development programs for national government employees. The Intergovernmental Personnel Act (IPA) of 1970 supported training and development programs in state and local governments, providing funding to stimulate state and local governments to create programs specific to their needs. After IPA funding came to an end in the 1980s, state and local governments maintained their efforts on their own. In light of the increasingly rapid changes in U.S. society and in technology, continuous learning is absolutely necessary (Van Wart, Cayer, and Cook, 1993). Human resource development programs allow employees to keep abreast of new developments and to maintain their ability to perform their jobs, thus benefiting employers and also the employees themselves.

The contemporary organization concerns itself with the personal needs of the employee to an extent never contemplated in the traditional organization. Recognizing that the performance of the employee is affected by many things in the employee's life, employers now attempt to deal with the whole person rather than just his or her organizational role (Cayer and Volk, 2004; McCurdy,

Newman, and Lovrich, 2002; Roberts, 2000; Volk and Cayer, 1999). The stresses in the rest of an employee's life affect how well the employee can perform on the job. Starting with counseling for alcohol abuse, this employee focus has evolved into *employee assistance programs* (EAPs) that help the employee deal with all kinds of personal problems that affect performance (Cayer and Perry, 1988; Johnson, 1985; Kemp, 1985). Employees are able to access assistance ranging from family counseling to counseling on legal and financial problems. Organizations sometimes have their own internal programs, but many contract with professional consultants for these services. The employee benefits by finding ways to resolve problems, and the employer benefits by having an employee who is able to focus on the work. Furthermore, the employer is able to retain a valuable resource and does not have to bear the costs of replacing loyal employees and training new personnel.

A part of EAP services often focuses on stress management training. Stress and stress-related illnesses are costly for employers. Training on how to avoid and manage stress helps reduce those costs, especially by reducing absenteeism and the occurrence of accidents and injury in the workplace.

**Other Work-Related Support.** Employees receive other work-related support from their employers that is often not considered a benefit but really is. For example, employees regularly receive travel support to attend conferences or to compensate for use of their own vehicles. Such support is appropriate in that it relates to the performance of the job. However, the employees also gain something from it, especially if the travel is to attend conferences. Many employees, especially high-level managers or public safety workers, are provided with vehicles or other equipment, such as home computers, to facilitate the execution of their duties. Although such equipment is not to be used for private purposes, it is often difficult to separate the job and private benefit.

Recent developments in work-related support include flexible work schedules and working by computer from home (Kemp, 1995; Schmidt and Duenas, 2002). Flextime is particularly important to individuals who have family responsibilities that make it difficult for them to work a traditional schedule. This benefit also works to the advantage of the public employer and the general public because it permits offices to be open beyond the normal 8-to-5 work shift. There is general public benefit to telecommuting as well in that cutting travel to and from work may reduce the emission of pollutants into the air. Allowing individuals to work at home when appropriate also fits well with contemporary approaches to holding employees accountable for what they accomplish rather than for the time they spend at work.

Most organizations also have suggestion award programs. Employees benefit by receiving some reward for suggestions that improve work. Commonly, an individual will receive 10 percent of the first-year savings brought about by the suggestion. Of course, the employing organization also benefits from the sav-

ings. Recognition programs are yet another benefit. They build morale within the organization and thus are likely to make employees more effective as well.

**Retirement Pensions.** Ninety-eight percent of public employees avail themselves of public *retirement pension* programs (Bureau of Labor Statistics, 2001). During the 1960s, public pension plans proliferated. In the public sector, *defined-benefits plans* have dominated. Under these plans, an employee receives a guaranteed fixed benefit according to a formula using age and years of service (Pacelli, 1994; Zorn, 1994). Most public sector plans have been pay-as-you-go, meaning that the government jurisdiction has to raise the money as employees retire and begin to take the benefit. Consequently, the generous retirement plans of the 1960s and 1970s resulted in great financial strain for governments, especially local governments, during the 1980s. These problems led to more experimentation with development of retirement funds and defined-contribution plans. Most states now have a public pension fund that is invested and managed by trustees who are responsible for ensuring the financial solvency of the system. The national government still uses the pay-as-you-go system. At the local level, systems are mixed, with most governments using a forward-funding approach but some still using pay-as-you-go. Massachusetts, for example, established a statewide system to help bail out local systems that developed financial problems. Jurisdictions can now join the statewide system and pool resources and forward-fund their systems.

In the private sector, in contrast, *defined-contribution plans* have been emphasized. These plans distribute benefits to a retired employee based on the amount of money invested in the retirement fund for that specific employee and on how well that investment performs. Typically, both the employer and the employee contribute to the fund. Many employers now allow employees to place their retirement funds in optional plans, using approved private financial planners to devise individual investment strategies. Only 14 percent of public employees participate in defined-contribution plans (Bureau of Labor Statistics, 2001).

Public pension funds have generated many controversies over the years. As noted, the costs, especially as they ballooned during the 1980s, created pressure for reform in the pay-as-you-go system. Even where forward funding has existed, however, the investment strategies of fund managers have traditionally been very conservative, dissatisfying many who thought that the funds could achieve higher yields resulting in higher benefits. During the 1980s, the conservative strategies of many pension funds gave way to what some considered reckless speculation. Furthermore, pressures for social investing and investing in home state or local corporations resulted in some major financial losses for many pension systems (Mactas, 1992).

Critics also raise concerns about employers' contributions to pension funds. Citing fiscal stress, many state governments turned to their public pension funds to deal with budget shortfalls. Many instances of raiding the funds to cover state

operating costs posed problems for pension systems (Deutschman, 1992; Zolkos, 1992). States have also manipulated the actuarial standards used to determine how much money a fund needs to provide for the benefits it guarantees in defined-benefits plans. By changing the actuarial figures, states can adjust how much they need to contribute in any given year. In lean years, states are tempted to adjust the figures so that they can reduce their contributions; however, this also potentially puts the system's financial solvency in jeopardy.

The aging of the workforce also presents challenges to retirement systems (Elliott, 1995). Concerns about the Social Security system arise from the fact that the population is aging and that the ratio of workers to retirees is declining. The same demographics affect employer-funded pension systems. In recent years, many employers have encouraged early retirement through buyouts or bonuses. However, early retirement exacerbates the financial solvency problem of pay-as-you-go pension plans. Longer life spans and early retirement also contribute to the financial pressures on health care programs because many jurisdictions, as noted earlier, pay for health care plans for retirees.

In addition to retirement pension plans, employers may offer employees *deferred-compensation plans*. The Internal Revenue Code allows employees to set aside up to \$13,000 in 2004 for employees aged forty-nine or below and \$16,000 if fifty or above. Maximums increase by \$100 annually through 2006 and by \$500 annually after that for ages forty-nine and under and \$2,000 for those fifty and older. After 2006, the annual increment is \$500 for everyone. The deferred compensation is excluded from federal income tax until it is actually paid out to the employee. Thirteen percent of state and local government employees participate in deferred-compensation programs (Bureau of Labor Statistics, 2000).

## ADAPTING TO CHANGING DEMOGRAPHICS AND NEEDS

Changing demographics require different employer approaches to the provision of benefits (Purcell and Baldwin, 2003; Roberts, 2001b; Schmidt and Duenas, 2002). The aging workforce has already been noted. It has implications for health and retirement benefits in particular but other implications as well. With the prohibition of mandatory retirement, employers find that many employees want to remain on the job well beyond the traditional retirement age of sixty-two or sixty-five. The benefits older employees use are often different from those needed by younger employees. Health care is usually much more of an issue for older workers, and costs of health care benefits may rise with the rise in worker age. At the same time, older workers diminish their dependence on other benefits, especially for education and child care.

The changing structure of families also has many benefits implications. The increase in the number of unmarried individuals living together is making domestic partnership benefits important. Unmarried couples increasingly demand

the same benefits for partners as are offered to married couples. Controversy still surrounds domestic partnership benefits because many people equate them with support of homosexuality, still a hot-button issue in the current political environment. In reality, unmarried heterosexual couples far outnumber homosexual couples; thus they stand to gain most from domestic partnership benefits policies (Hostetler and Pynes, 1995). Ten states and 140 local governments offered domestic partnership benefits in 2003 (Human Rights Campaign Foundation, 2003).

Dual-career couples also have differing needs compared to other workers. When both members of the couple are employed and both have standard benefits packages, one package may be redundant. It makes more sense either to allow one person to opt out of some of the required benefits, assuming that similar coverage can be acquired through the other person's employer, or to allow greater choice in the benefits taken.

*Cafeteria benefits plans* and *flexible spending accounts* represent strategies for accommodating benefits programs to changing demographics. Under these approaches, employees may choose the benefits that are most appropriate to them. In the cafeteria approach, the employer usually requires that the employee be covered under a health care plan and a retirement system, either under that employer's plan or a spouse's employer's plan. Once that minimum is met, the employee may choose what is most appropriate for his or her needs from a range of benefit options. The flexible spending account is a variation of the cafeteria approach. It provides individual employees a fixed amount of money to spend on benefits, and they choose the specific benefits for which they want the money spent. For example, those who are trying to continue their education can choose to spend the money for coursework and training, and those who have elderly parents can choose to spend the money for elder care. Employees appreciate the opportunity to make their own choices. Currently, 55 percent of state and local government employees are eligible for flexible benefits plans (Bureau of Labor Statistics, 2001).

During this era of funding cutbacks and voter interest in smaller government, public employers face many challenges in paying for employee benefits within their budgets. The costs of benefits are increasing, like almost everything else. Health care cost increases, in particular, put pressure on the budget. To be able to continue to offer benefits to employees, public employers search for cost containment and cost-cutting alternatives (Roberts, 2001a). Flexible spending accounts are one option here, because when employees choose what they need, employers do not have to pay for benefits that they are not likely to use. Many alternatives for health care services are being explored. In particular, employers increasingly offer the HMO and PPO options mentioned earlier. Moreover, employees are increasingly asked to take some responsibility for their own needs. They are being encouraged to live healthier lives; thus wellness programs and employee assistance programs operate to prevent costly



problems. And employers are asking employees to share in more of the cost of benefits as well. Public employers, who used to pay all the cost of most benefits, now ask employees to pay part of the cost of their health care premiums, to pay copayment fees for their health care services, and to contribute to their pension funds (Bureau of Labor Statistics, 2000). These practices help contain employers' costs.

Cooperative approaches to providing benefits present another way to contain costs. Governments form alliances or consortia to contract with health care and other insurance providers. These consortia have larger numbers of employees to be covered, and thus they have more bargaining power to negotiate lower per capita costs (Hackelman, 1994; Roberts, 2001a).

## **ASSESSING THE STATUS OF BENEFITS IN THE PUBLIC SECTOR**

Public sector benefits programs are reputed to be much better than plans in the private sector. The evidence suggests that in many respects, the reputation is accurate (Bergsman, 1995; Handel, 1992; Bureau of Labor Statistics, 2001). Overall, public sector employees are covered under more types of plans and across job positions to a greater extent than private sector employees. Large private sector employers come close to the public sector in coverage, but smaller private employers frequently have no discretionary benefits at all, and many have very limited programs. For example, 86 percent of public sector employees participate in medical care coverage plans, while only 70 percent of private sector employees do. The differences are even more dramatic for retirement systems. Ninety-eight percent of state and local government employees are in pension plans, whereas only 62 percent of private sector employees are (Bureau of Labor Statistics, 2001). These two benefits, the most costly to employers, account for a large portion of total compensation for government employees.

However, as the cost of providing benefits has continued to rise in both the public and private sectors, the public sector has been less successful in controlling costs than the private sector and has been less aggressive in requiring employees to share costs (Davis and Ward, 1995). Small private employers, in particular, often require larger employee contributions to the cost of plans. Thus through their benefits, public employees continue to enjoy a substantial addition to direct compensation.

The aging workforce presents many challenges to employers, both public and private. As described earlier, not only is the number of retirees growing, but life spans are increasing as well. In 1985, there were twenty people sixty-five years old and older for every one hundred workers; it is expected that by 2035, that figure will have climbed to forty-one (Crampton, Hodge, and Mishra, 1996). Thus



over 40 percent of the U.S. population will be at or beyond retirement age. The challenges are many as public employers attempt to remain competitive in the labor market.

## CONCLUSION: BENEFITS CHALLENGES

Public sector employers face many challenges in continuing to provide benefits to employees. Funding and controlling costs present the greatest challenges. The demand for benefits will continue to grow. Employers have to find ways to provide what is reasonable and prudent while working within financial constraints. Numerous strategies exist, although the public sector has been less aggressive than the private sector in adopting them (Roberts, 2001a).

Weaning employees from the *entitlement mentality* has been suggested as an overall strategy for controlling benefits costs (Haltom, 1995), especially in health care. Employers are encouraged to educate employees to accept responsibility for their own health. Thus wellness programs and healthier lifestyles constitute elements of many contemporary employer-sponsored programs. Employers are also shifting responsibility to employees for making choices about the benefits to be received. Similarly, employees are also being asked more frequently to cover part of the cost of premiums for various benefits (Kaiser Family Foundation, 2003). Although public employers have been reluctant to ask employees to pick up the current full cost of benefits, they increasingly require that employees participate in funding any cost increases. With the rising costs of health care programs, it is especially likely in many public jurisdictions that employees are being asked to cover part of these premiums to the point that their increased benefits costs often wipe out any increase they might receive in direct compensation.

Targeting the heavy users of health care services for education on health improvement and risk aversion has gained attention in recent years as a health care cost control strategy. Some evidence exists to suggest that a small proportion of employees use a large part of health care services. One jurisdiction, for example, found that 1 to 2 percent of employees used 25 to 30 percent of the services and that about 80 percent of the services are used by about 20 percent of the employees (Hackelman, 1994). By changing the lifestyles and behavior of the employees who use the system heavily, employers may be able to make significant progress in controlling costs. Prevention and risk avoidance are more cost-effective than treatment.

Cost containment may also be accomplished through the use of alliances or consortia for the purchase of services (Cayer, 1995; Hackelman, 1994; Roberts, 2001a). Many communities across the country join consortia to purchase health care policies and participate in statewide pension programs to take advantage of the purchasing power of larger groups. The per-unit cost usually is greatly

reduced compared to the cost incurred by a lone employer. Small jurisdictions benefit most from such cooperative arrangements. Working with labor organizations also provides some employers with opportunities for cooperative plans and reduced costs (Brouder, 1992).

Employers are responding in some creative ways to the aging of the workforce. Typically, retirement meant ineligibility for many employee benefits, although the retirement pension and in some cases health care programs remained available. In recent years, especially with the prohibition of forced retirement, many employers have developed programs to retain older employees (West and Berman, 1996). Supportive workplace practices adapted to older workers' needs (for example, flexible working hours, part-time employment, and volunteer opportunities) and training designed for older employees are options that have been used. Elliott (1995) suggests such others as trial retirement, phased retirement, and return as part-time temporary employees, techniques that allow retirees to remain attached to the organization and to continue to contribute their expertise. These approaches can help lessen the strain on retirement pension systems and also keep retirees healthier because they retain their sense of purpose.

A strategy often overlooked by employers is involving employees in the design of benefits programs (Davis and Ward, 1995). Employees know what is most important to them and are very creative in approaches if employers give them the opportunity. Employees who participate in the decisions about benefits plans are likely to have much higher satisfaction levels. Especially if employees are educated about the real costs of benefits plans, they can become advocates for the wise use of such plans and be helpful in cost containment efforts.

Clearly, employee benefits programs cover the life span of employees. Employees have an interest in having as much variety as possible in the benefits available. As part of their contemporary management approaches, employers also want to have satisfied employees. At the same time, constraints on public sector finances create pressures for limiting increases in costs. Adjusting benefits to the life cycle of employees makes sense. The employer provides the most appropriate benefits to individual employees at any given time and keeps costs down by not paying for benefits that are not particularly relevant. Thus employers are likely to continue to refine the options available so that benefits truly range from the beginning of life (benefits addressing the birth of children) to the retirement and death of the employee (benefits offering pensions and life insurance) and cover all the needs in between as employees find their circumstances changing over the course of their lives.

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# The Role of Human Resource Professionals in the Budgeting Process

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Since personnel costs are generally the most significant single expenditure in the budgets of governments, legislative bodies must have solid information on which to base their decisions on staffing, performance, and compensation matters. Hildreth (1995) reports that the average portion of the budget spent on personnel is 65 percent in state and local governments and 40 percent in the federal government. With such a large share of the budget dedicated to personnel costs, the job of the human resource (HR) manager is critical in the provision of solid information and forecasts to the government's chief executive officer and the elected governing body.

Although it is seldom discussed in the public personnel literature, the HR staff has a role in all of the stages of the budget process—budget preparation, legislative consideration, budget execution, and audit. However, clearly the most crucial of the four stages is budget preparation because the chief executive officer (CEO) in the government bases his or her recommendations to the legislative body on the information and advice of the HR staff. Furthermore, elected officials are often dependent on the information that the HR staff has given to the CEO in making final budgetary decisions. Even governments with their own budget offices more than likely base their judgments on personnel costs on the work of the organization's human resource staff.

The development of the budget and all of the subsequent stages are the result of a team effort. Often budgeting is presented in the public administration

literature as solely a public finance function, and the important roles of other management professionals are minimized. Our goal in this chapter is to highlight the important role that human resource professionals play in the budgeting process. Clearly, without solid information provided by the HR staff, the CEO and the governing body would not be able to make sound and reliable decisions on the largest single appropriations in their budgets.

There are a number of key personnel issues that elected legislative bodies consider during their deliberations of the proposed budget each year (or every other year, for jurisdictions that use a biennial budget). Our aim in this chapter is to identify and explain the issues for which the HR professional is primarily responsible in the preparation, legislative consideration, and execution of the budget.

## PROVIDING APPROPRIATE STAFFING LEVELS

The most difficult budgeting decision is that of determining appropriate staffing levels in a government. Most governments do not have sufficient resources to overstaff, so choices have to be made among numerous demands in various service areas. For example, should more resources be allocated for law enforcement to fight a crime problem in a low-income area, or should those same resources be used to improve the recreation program and schools in the community? The decision over where the limited funds are spent generally results in strong arguments at the management level and at the legislative level. The CEO has to decide among competing service alternatives, as does the governing body when the budget is presented.

Commonly, there are pressures from department managers to increase staffing levels for a variety of reasons. Managers are usually under pressure to improve service delivery. They believe that with additional personnel, they will be better able to provide more or improved services. Most managers believe strongly in the missions of their departments, and many fail to appreciate the importance of the work of other departments. Department-level managers receive recommendations from their subordinates that they need additional employees to do a better job. Therefore, there is an upward pressure within government organizations to increase staff levels.

In addition, citizens often demand new or improved services from government but are reluctant to pay more taxes. A review of the functions of a modern government compared to one of fifty years ago will show a significant increase in the array of services provided both to the public and within the organization. Many of the services added over the past decades have resulted from pressure from citizens for governments to do more for them than in the past. While governments have become involved in these new service areas, they have

complicated the budgeting process by forcing more funding choices on the CEO and the legislature.

How, then, do governments determine appropriate staffing levels? There are no precise guidelines on the appropriate number of firefighters or police officers in a community, for example. The police and fire staffing needs of Chapel Hill, North Carolina, a college town of 45,000, are significantly different from those of large cities such as Atlanta or New York. Whereas Chapel Hill has very few serious crimes or fires, larger cities are kept very busy responding to calls for police and fire service. National organizations have made attempts to determine a universal standard; however, governments should use them only as rough guides because of the variety of local circumstances that must be considered.

### **Professional Associations' Standards**

Public managers sometimes try to use their professional organization's standards to secure funding for positions. Ammons (2001) depicts these in detail. The adoption of professional standards may affect staffing directly or indirectly. The International Association of Fire Fighters, the National Fire Protection Association, the Public Library Association, the International Association of Assessing Officers, and the American Correctional Association recommend staffing levels either as a blanket amount (for example, number of firefighters per responding engine company) or according to workload (for example, number of librarians per patrons or number of parole officers per prisoners supervised). Other standards simply imply staffing levels when they recommend standards for the frequency of property assessments, the number and size of parks, the size and operation level of animal shelters, and so forth.

The empirical questions raised by such standards relate to both their validity and the degree to which they influence staffing and other budgetary decisions. Some staffing standards are useful budgeting guides; others are self-serving (Ammons, 1994) and have been branded "pseudo-measures" of performance (Hatry, 1980).

### **Staffing Ratios**

To ensure staffing stability, some agency heads try to get their elected board members to adopt, either formally or informally, policies that ensure specific staffing ratios. Police, fire, and emergency medical departments have been particularly successful at this. The Bureau of Justice Statistics, in the U.S. Department of Justice, annually reports by region full-time law enforcement employees per 1,000 inhabitants. Likewise, the National Fire Protection Association (NFPA) periodically reports by region career firefighters per 1,000 inhabitants. Some agencies convince their elected decision makers to staff based on these ratios. For example, most cities in North Carolina with populations larger than fifty thousand have



committed to a staffing ratio of two police officers per thousand inhabitants. So as population grows, departments are assured of staffing increases.

Local governments should, however, be cautious not to adopt such ratios without careful analysis. A relationship between population size and staffing may exist, but each community should examine other factors such as the amount of free patrol time that officers have, the caseload of investigators, and the desired response time to reported crimes.

### Benchmarking

Over the past decade, public administrators have realized that it is helpful to compare staffing levels and other service standards among a large number of governments. Benchmarking is done on several levels, including workload, efficiency, effectiveness, and productivity measures (Ammons, 2001). Ammons points out, "In essence, workload measures are essentially a form of 'bean counting.' Such a count is important. To anyone wanting to get ahead in the bean business, however, it is also important to know the *quality* of the beans and the *efficiency* with which they are grown or harvested" (p. 2). Through the benchmarking efforts of Ammons and others, measures of efficiency, effectiveness, and productivity have been developed for a large variety of municipal services.

Staffing is an important benchmark for several local government services. For example, solid waste collection can be compared from one local government to others because the service is similar in the way it is provided. Some cities use the number of stops per collection per employee as a benchmark. Scottsdale, Arizona, has a target of 2,600 residences served per week by each solid waste collector, while Long Beach, California expects each worker to average 28.2 stops per hour (Ammons, 2001, p. 399). Since the number of households in the community is known, it is a relatively easy calculation to determine how many solid waste workers will be needed to collect the trash. Of course, there are unique circumstances that must be considered from one community to the next. Ammons points out, "Different types of refuse collection equipment, modes of operation, work rules, collection frequency . . . , terrain, distance between stops, and even the prevalence of on-street parking can alter production ratios" (p. 399).

Although benchmarking is helpful in determining staff levels, it cannot be used without consideration of other factors, such as those Ammons identified for solid waste collection. However, governments can find benchmarking a valuable tool in gauging the relative efficiency, effectiveness, or productivity of their services versus those provided by others. For example, if one city finds that its employees are collecting from one thousand residences per week compared to more than double that number in Scottsdale, it may want to examine why there is such a large difference in collection efficiency. If other factors do not account for the difference, then the answer may be differences in management approach.

## Industrial Engineering

One tool to determine optimal staffing that has been underused in government is industrial engineering. Industrial engineering has its roots in manufacturing but over the past decades has focused on generally improving the performance of organizations of all types. For example, hospitals and airlines use industrial engineering extensively to evaluate and improve productivity and quality. The Institute for Industrial Engineers (IIE) recognized a broader scope for its members when it adopted the following definition of industrial engineering in 1982: “Industrial engineering is the profession concerned with the design, improvement and installation of integrated systems of people, materials, equipment and energy. It draws upon specialized knowledge and skill in the mathematical, physical and social sciences together with the principles and methods of engineering analysis and design to specify, predict and evaluate the results to be obtained for such systems” (Watson, Hassett, Davis, and Thomas, 2002, p. 133).

One employment area that has not embraced industrial engineering is the public sector (Watson, Hassett, Davis, and Thomas, 2002; Ammons and Coe, 1993; Rickard, 1993). Ammons and Coe (1993) pointed out that “relatively few governmental units, particularly beneath the federal level, have adopted the private sector practice of employing industrial engineers—even as the focus of that discipline has begun to expand beyond its traditional manufacturing emphasis” (p. 1502). The National Science Foundation reported in 1997 that the number of industrial engineers working for various governments is relatively small—and it has decreased since the late 1980s (Watson, Hassett, Davis, and Thomas, 2002, pp. 134–135). The federal government employed seven thousand industrial engineers, while state and local governments employed only seventeen hundred, a substantial decrease from a decade earlier.

Industrial engineers, used to precise measurements in a manufacturing or other private sector environment, find unique challenges while working with public organizations. Watson, Hassett, Davis, and Thomas (2002, p. 134) explain:

For some public activities, broad societal goals are intangible and difficult to quantify. Decision-making processes in the public sector are different than in the private sector. Public decisions are grounded in a multitude of values, many of which compete with each other. Furthermore, decisions must be made within the hierarchical structure and based in democratic principles. Another factor is the lack of universally accepted benchmarks compared to the private sector. And finally, industrial engineers have cited the “lack of a profit motive” as creating a challenge since the typical practice is to increase rather than to decrease a department’s spending.

Watson and colleagues reported recently on the city of Auburn, Alabama’s use of industrial engineering in the evaluation of police manpower. The city faced demands from a citizen group and from the police chief for additional

manpower. According to standards promulgated by the International Association of Chiefs of Police (IACP), the city was substantially undermanned. The city manager felt that there were unique conditions in this college town that made the IACP manpower standards inapplicable to Auburn. The city council agreed to hire industrial engineers to study the specific law enforcement manpower needs of the community based on calls for service and other workload measures. The result was that the researchers recommended a small increase in staffing but far short of the numbers dictated by the IACP standards.

### Hiring Temporaries

Hiring temporary rather than regular employees has budgetary implications because temporary employees do not qualify for the costly fringe benefits of health insurance, retirement, and merit increases. Temporary employees should be hired for such purposes as to staff workload peaks (for example, hiring recreation and street maintenance employees during the summer), to fill positions for which future workloads and funding are doubtful, and to fill vacancies in a service about to be contracted out.

The use of temporaries in the private sector dramatically increased in the 1990s. In contrast, at the federal level from 1983 to 1993, temporary employees remained constant at 6 to 7 percent of the civilian workforce. At the local level, however, use of temporary employees increased due to severe fiscal conditions (Hildreth, 1995). The most recent survey conducted by the U.S. Department of Labor reports that the overall use of temporary employees declined between 1995 and 1997 (U.S. Department of Labor, 1998).

Still, public organizations should take care not to abuse the use of temporaries. An egregious example is that of the U.S. Postal Service having employed a temporary worker for twenty years without any employment rights. The Merit Systems Protection Board (1993) has found that although this was an extreme case, federal agencies have shown a pattern of abusing the use of temporaries who were hired to avoid paying employee benefits, used as tryouts before regular appointments, hired to avoid the competitive selection process, or kept in positions beyond the time period that temporaries are supposed to work.

One unique program that uses temporary workers is Auburn's student firefighter program. In the late 1980s, the city decided to hire students from Auburn University and other nearby colleges as firefighters to provide manpower for the fire service for the community and for the university. Since then, hundreds of students have undergone six weeks of rigorous training in the summer to become state-certified firefighters. They are allowed to work in the student firefighter program as long as they are college students and make progress toward graduation. The students are paid above minimum wage, can live in fire stations that have individual rooms designed with them in mind, and receive tuition expenses if they maintain at least a 2.5 grade point average.

Compared to traditional staffing, the student firefighter program produces savings of approximately \$1 million per year for the city (see Table 32.1). It also provides opportunities for sixty students per year to attend college with room and tuition paid and at a wage rate considerably more than working in local retail stores or restaurants. The Auburn community averages less than one structural fire per month, so student firefighters have considerable time for studying and attending classes. Many of the students stay in the fire service after graduation either in the Auburn department or in departments in other cities.

### Using Volunteers

Governments often turn to volunteers to lower the cost of providing services and to involve constituents in the work of the organization. Using volunteers reduces personnel costs, but volunteers are objectionable to unions when volunteer efforts replace union members. Yet volunteers are absolutely essential for some public services. For example, the vast majority of fire departments consist of either all volunteers or a combination of volunteers and full-time firefighters. Likewise, recreation departments depend heavily on volunteers. Moreover, the number of volunteers has markedly increased in police departments experiencing management problems. As would be expected, volunteering is also greater in police departments serving more affluent populations that have more spare time (Siegel and Sundeen, 1986). In some communities, getting volunteer support is becoming more difficult as the workweek lengthens and more spouses work. To attract and retain volunteers, government agencies should provide adequate training and pension benefits to those who work for extended and substantial periods (Hinton, 1995).

**Table 32.1. Annual Cost Savings for Fire Stations Staffed with Student Firefighters.**

	Traditional Fire Station	Student Firefighter Fire Station
Lieutenant	\$63,903.13	—
Team leader	—	\$63,903.13
Four career firefighters (× 3 shifts)	\$624,062.04	—
Four student firefighters (× 3 shifts)	—	\$316,930.92
Total cost	\$687,965.17	\$380,834.05
Annual cost savings per station	\$307,131.12	
Total savings for four stations	\$1,228,524.48	

## DETERMINING FAIR AND COMPETITIVE PAY

State and local governments vie for employees in the same labor market as other organizations, so they must be competitive if they are to attract competent and well-trained candidates for employment. Furthermore, if their pay scales do not offer employees opportunities for financial advancement, turnover in many job categories is likely to be high. For example, once one agency invests a year of training expense in a police officer, it does not want to lose that officer to a nearby department that pays slightly more. Therefore, each employing agency must regularly survey the market to determine current rates of fair and competitive salaries and wages. Comparing an organization's pay with other employers in the marketplace is known as determining *external equity*.

Governments must also ensure *internal equity*, or the fair relationship of pay among jobs within their organizations. Most governments use position classification systems to arrange pay levels for jobs based on their relative duties and responsibilities. Line department managers often attempt to reward high-performing employees by reclassifying their positions to a higher grade in the pay plan. HR professionals generally frown on these attempts because they understand that the pay plan is not based on the individual employee's better-than-average performance but on the relative value of the job in the marketplace. If reclassifications are granted without concern for the effect that they have on other jobs in the pay plan, it is likely that the fairness of the overall pay plan will be jeopardized.

### Classification and Compensation Studies

Few governmental jurisdictions have the personnel and expertise to conduct overall assessments of their classification and compensation systems. Such studies are often contracted out to governmental, private, or nonprofit entities. The range of contracted services provided by individual firms varies, as do the services requested by jurisdictions; for example, some governments hire "class and comp" providers to write new job descriptions and some do not. Whether new job descriptions are written or not, the most significant element of a consultant's final report for the budget is the bottom-line cost of its recommended pay plan. Consultants may present the governing body with a range of implementation costs from which to choose, as Table 32.2, one such report for the city of Big Spring, Texas, shows.

### Wage and Salary Surveys

An important role of the HR department is to recommend and carry out regular salary surveys to ensure that the organization is competitive in the labor market. State governments usually have their own staffs to undertake the survey,

Table 32.2. Cost of Implementation of the City of Big Spring Personnel Project.

Plan	Classification and Step Changes <sup>a</sup>	Equity Increases <sup>b</sup>	Total Implementation Cost
Plan A	\$494,366 (4.24 %)	\$680,639 (5.60 %)	\$1,175,005
Plan B	\$369,603 (3.17 %)	\$675,709 (5.61 %)	\$1,045,312
Plan C	\$258,238 (2.21 %)	\$668,317 (5.60 %)	\$926,555
Plan A (Modified)	\$494,366 (4.24 %)	\$519,846 (4.27 %)	\$1,014,212
Plan B (Modified)	\$356,895 (3.06 %)	\$516,041 (4.29 %)	\$872,936
Plan C (Modified)	\$258,238 (2.21 %)	\$510,430 (4.28 %)	\$768,668

<sup>a</sup>Increases are projected based on current payroll total of approximately \$11,667,052. The figures presented are exclusive of benefits costs.

<sup>b</sup>Figures presented are the estimated cost for equity adjustments. The calculation for Plans A, B, and C is based on a *maximum* one-step raise for employees with one to three years of service, a two-step raise for employees with four to six years of service, and a three-step raise for employees with seven or more years of service as of December 31, 2003. The calculation for the modified Plans A, B, and C is based on a *maximum* one-step raise for employees with one to three years of service and a two-step raise for employees with four or more years of service as of December 31, 2003.

Source: Condrey and Associates, Inc.

whereas most local governments hire private consultants to conduct the surveys they need. Generally, a survey should be conducted every three to five years to ensure that changes in the market value of jobs has not resulted in an outdated classification and pay plan. One example of a quickly changing job category in the market is information technology. Over the past decade, most public and private organizations have established their own information technology departments and hired employees to program and maintain their computer systems. In this highly competitive market, salaries and wages have risen faster than they have in more traditional government jobs, such as police officer, firefighter, or maintenance worker.

The market for one job will likely be different from that for another job. For example, if a city government is hiring a planning director, the market is likely national or at least regional. If the city is recruiting solid waste workers, it is competing against public and private employers within commuting distance of the city and must advertise locally. Governments must advertise their openings in appropriate media so that individuals in the market for precisely those jobs will see the notices. For professional positions, such as city planner, the city will advertise in the publications of the American Planning Association so that qualified planners will know of the opening. Advertising in the local newspaper will

be of little or no value because chances are great that the target audience will not see the notice.

The challenge for the HR director is determining what the appropriate market for each particular job is. There are no clear guidelines that all governments can use to make this determination, so it is part art, part science. Primarily, it depends on the HR professionals' and consultants' knowledge of the market. A review of what marketing strategies have worked in the past is a good indicator, as is a study of the home locations of an organization's employees. For example, if all of the solid waste workers for a city government live within 20 miles of the city, suitable advertising outlets to reach people who would apply for a solid waste worker job must be found. Advertising outlets may be non-traditional, such as churches or community bulletin boards, as well as traditional, such as local newspapers and employment agencies.

### Merit Pay

Public agencies have traditionally adopted one of two options in designing merit systems: *step plans* and *range plans*. Thirty-seven states have step plans. Each step has a salary range represented as a pay grade, with the number of steps in each pay grade ranging from four to eighty-one (Kearney and Morgan, 1990). Although traditional plans are often labeled "merit plans," employees generally advance in steps not necessarily based on merit but rather on time in service and their supervisors' determination that they have performed satisfactorily. The step classification and pay plan does not generally differentiate between an employee who does acceptable work and one who does outstanding work.

Thirteen states have range plans that contain no steps, just minimum and maximum salaries for each pay grade. These systems provide somewhat more flexibility for managers to compensate high-performing employees. However, they may also cause employee discontent unless there are objective standards by which pay raises are granted. Otherwise, feelings among employees may develop that managers are granting pay raises based on favoritism rather than performance. A challenge for governmental organizations is to develop a fair and objective merit plan that recognizes and rewards the truly outstanding performer.

### Longevity Pay

The provision of some *longevity pay* is often used as an incentive to reduce employee turnover and to reward continuous service. Longevity pay is normally awarded after anywhere from five to twenty years of service. Sixty-one percent of cities (International City/County Management Association, 1996) and twenty-six states award longevity pay (Kearney and Morgan, 1990). Longevity pay contradicts the notion that employees should be paid for performance. Still, as Kearney and Morgan (1990) point out, pay for performance has failed in public settings because of the difficulty of measuring public sector performance.



Looking back at Table 32.2, the third column ascribes budgetary totals for “equity increases” for the city of Big Spring, Texas; these equity increases are essentially a stratified longevity increase provided to employees of the city, designed to decrease the common problem of pay compression.

### Overtime Pay

*Overtime* is generally popular among employees because the federal Fair Labor Standards Act (FLSA) requires state and local governments to pay time and one-half for time worked over forty hours per week. The FLSA does provide higher thresholds for law enforcement (forty-three hours per week) and firefighters (fifty-three hours per week) out of recognition for their unique traditional schedules. Overtime is especially popular among police officers, who often use overtime to supplement modest salaries. Many local governments allow police officers to work overtime in traffic enforcement or on special assignments in high-crime or heavy-traffic areas. The federal government provides grants to state and local governments to enforce traffic laws against driving under the influence of alcohol, for example. Any effort to take away their ability to earn overtime may affect job satisfaction and turnover. Both job satisfaction and turnover have a direct effect on productivity and the cost of employment.

## DETERMINING EMPLOYEE BENEFITS

Employees are often unaware of the value of either direct or indirect benefits. Valuing pay more, employees often underestimate the dollar value of fringe benefits. Knowing this, government agencies should annually inform employees of the value of their total compensation packages, including pay and both direct and indirect benefits. Another important opportunity to stress to employees the value of the benefits package is during new employee orientation.

State and local employees have extensive fringe benefits coverage. As of 1998, retirement plans covered 98 percent of full-time state and local employees. In addition, 86 percent were covered by medical insurance, 89 percent by life insurance, 60 percent by dental insurance, and 96 percent by paid sick leave (U.S. Department of Labor, 2000). The most expensive benefit over which governments have some influence is health care. In all sectors of our economy, health care costs far outpace inflation. Cost containment is therefore a prime objective, and it has led to various managed-care options—such as health maintenance organizations (HMOs)—as alternatives to the usual fee-for-services approach (see Chapter Thirty-One).

To reduce health care costs, public organizations should also establish wellness programs that encourage healthy behaviors and teach stress reduction. The International City/County Management Association (ICMA) reports that 75.5



percent of all local governments offer wellness programs or benefits (International City/County Management Association, 2002). Stress is a major contributor to physical illness, including heart disease and stroke. Employee assistance programs provide counseling and support to individual employees in such areas as drug and alcohol treatment, weight control, stress reduction, and career counseling.

An often abused health benefit is sick leave. Researchers estimate that absenteeism costs up to an average of \$602 per employee per year, not including indirect costs, which may add up to 25 percent of that figure (Smith, 2002). Un-scheduled absences are so costly because in addition to paying the sick or otherwise absent employee, the organization must also often pay a replacement person and bear such other associated indirect costs as those due to overall lost organizational productivity (Patton, Witt, Lovrich, and Fredericksen, 2002).

Sick leave is more often abused by younger and nonprofessional employees (Rogers and Herting, 1993) and by employees with lower salaries (Kroesser, Meckley, and Ranson, 1991). However, employees who have more control over their work procedures are absent much less than those with less control (Kroesser, Meckley, and Ranson, 1991). Moreover, short-term monetary rewards for nonuse of sick leave reduces excessive sick leave (Rogers and Herting, 1993). These research findings aside, from 1990 to 1995, the percentage of cities paying for unused sick leave fell from 44 percent to 37 percent (International City/County Management Association, 1996). However, as the U.S. Department of Labor reported in 1999, only an average of 17 percent of total U.S. employees receive cash payment for unused sick leave (U.S. Department of Labor, 1999).

Like health plans, retirement and pension programs can be designed to improve public services and achieve budgetary ends. Police work and firefighting are physically demanding professions that take their toll on individuals as they get older. To encourage turnover, governments provide bonuses to employees who retire after a reasonable work period (Tvedten, 1993). Similarly, to encourage early retirement and avoid painful layoffs during periods of financial stress, employers may offer monetary inducements to take early retirement. Twenty-five percent of governments mandate such a program, and 52 percent offer it as an option (Siegel, 1994).

## **ADVOCATING TRAINING, TECHNICAL SUPPORT, AND SAFETY**

The services provided by human resource departments are not high-profile, politically popular services that legislators are especially keen to provide to their constituents. In fact, public perceptions of government size and the consequent development of campaign platforms along the lines of government reduction

may make human resource agencies even more likely to be cut. Therefore, HR managers need to be especially skilled and adept at the presentation and justification of budget requests in order to ensure that their services will continue to be provided. Moreover, the strategies that Wildavsky (1988) proposed for agency acquisitions do not apply equally to human resource agencies and other agencies. For example, Wildavsky suggested that agencies develop a clientele, but the clientele of a human resource agency is already defined by the workforce. The following sections offer justification suggestions for HR managers, classified by the major functions served by typical state and local HR agencies that were identified through a review of several state, county, and city budgets: employee training, technical support, and safety and workers' compensation coordination.

### **Advocating Employee Training**

Because employee training is future-oriented and its results are not easy to demonstrate to the public, it is one of the first areas cut in times of financial stress. The long-range benefits of employee training to both employees and citizens must therefore be emphasized. In areas such as fire protection, the need for employee training relates directly to public safety; in some other areas, such as foster care, training relates directly to the propensity for citizen lawsuits against the government.

### **Advocating Technical Support**

The maintenance of a civil service system for all government employees requires a great proportion of any human resource program budget. Specifically, the administration of civil service examinations and performance evaluations, required to ensure the selection and retention of quality personnel, is virtually a mandated function of HR managers. Of course, legal action resulting from a poorly run personnel system is also a threat, and this fact can be used in justification as well.

### **Advocating Safety, Workers' Compensation, and Risk Management**

The complexity of workers' compensation and ongoing concerns for the safety and well-being of public employees combine to create a specific need for HR managers to be clear in justifying their budgets. State-level workers' compensation data can be used both to identify risks to personnel and to demonstrate the effectiveness of safety programs in reducing costs for the indemnification of work-related injuries and deaths (see Pine, 1994). One of the major prerequisites for the establishment of a risk management program is a good record-keeping system; the main steps for conducting such a program are risk identification, risk control, and ongoing risk management evaluation (Coe, 1989). If these conditions and steps are followed, the HR manager should be able to readily produce the data required for safety program justification.

## COSTING GOVERNMENT SERVICES

During budget preparation, analysts face a number of costing questions about labor costs, including these:

- Should particular services be privatized?
- How much labor should be budgeted for construction projects?
- How well is the government performing compared to like governments?

The literature on privatization is copious. The purpose here is not to summarize this research but to discuss costing issues that must be dealt with in any costing analysis.

### Costing Methods

*Cost accounting*—also called *managerial* or *activity-based costing*—is an ongoing process that collects, classifies, analyzes, records, and summarizes cost information. Costs are different from expenditures, for costs include depreciation, debt, and overhead (indirect) charges. Governments use cost accounting to budget and then track the costs of construction and maintenance jobs. These are called *job-order costs* because they are charged to discrete jobs. Governments also use cost accounting to record costs charged to cost centers performing repetitive, routine work with measurable output. This is called *process costing* because costs are associated with uniform, continuous (not job-by-job) work.

Cost accounting is a *sine qua non* in the private sector, where accurate product pricing and work scheduling are critical to a company's success. In sharp contrast to the private sector, most governments do not perceive that the benefits of cost accounting outweigh the costs of establishing a cost-accounting system. To account for costs, governments must be able to record the direct costs of time, equipment, and materials and also indirect costs on a daily basis. Few governments have such a capability. Coe and O'Sullivan (1993) found that only 4 percent of cities were able to collect sufficient information on indirect costs to use for accounting purposes.

Short of cost accounting, governments may use *cost finding*. Cost finding entails converting expenditure (or expense) data to cost data by assigning all costs to the period in which they occurred. Although less accurate than cost accounting, cost finding allows managers to come up with reasonable cost estimates.

Still less accurate than cost finding are *ballpark estimates*, which may either exaggerate or understate costs. Savas (1979) found that in sixty-eight jurisdictions, actual service costs were 30 percent greater than the figures shown on their budget pages. Similarly, Martin (1992) found that governments often underestimate the costs of administering contracts with private firms providing public services.

### Methods of Handling Indirect Costs

In deciding whether to contract out a service, how much to pay a contractor for a service, or how to price a service, governments must face the question of how to handle indirect costs, including the following:

- Department costs that cannot be charged directly to the daily work (for example, supervisory time, fringe benefits, office supplies, utilities, and capital purchases for equipment)
- Depreciation of fixed capital assets like buildings
- Organizationwide overhead services provided to line departments by such staff agencies as the personnel, purchasing, accounting, auditing, and legal departments

The first task is to be able to collect such indirect costs. The use of internal service funds (ISFs) for equipment and supplies permits the motor pool and central stores departments to charge these costs to using departments, who can in turn charge them to jobs and cost centers. Governments use cost allocation plans to apportion organizationwide indirect costs and to get reimbursement from the federal government for indirect costs expended on federal grants.

All indirect costs are real costs of doing business and should be fair game in pricing a service. However, when a government contracts out a service, some of these costs are avoidable and others are not. For example, the government may still have the same depreciation and departmentwide and organizationwide indirect costs after a small service is privatized. However, eliminating a major service such as garbage collection might reduce all types of indirect costs. Therefore, governments should determine which costs they can avoid when contracting out.

### Cost Comparisons

Governments often use intergovernment cost comparisons as a guide to allocating resources during budget preparation. Comparing costs per regular staff member gives some direction about the relative size of staff in comparable local governments. Likewise, costs per service output or outcome offer a point of comparison. Useful as they seem at first glance, cost comparisons should be applied with great care so that governments can be sure they are comparing apples to apples and not apples to oranges.

Here is a partial listing of cost factors that may confound intergovernment cost comparisons:

- Wide variability in the use of ISFs (Coe and O'Sullivan, 1993)
- Variability in the extent to which offsetting revenues are charged
- Variability in how a public service is defined and measured
- Variability in whether and how indirect costs are measured

## ADVISING THE DECISION MAKERS

In addition to the important role the HR director and HR staff play in the formulation of the executive budget, they are also involved in its review and approval by the legislative body. Legislative bodies in the United States have the authority and responsibility to review the budget as presented to it by the appropriate chief executive officer and adopt it as presented, modify it slightly, or rewrite it completely. The approach that they take depends on many factors, including the credibility of the CEO in presenting reliable and professional recommendations in the past. Since the largest percentage of the budget is dedicated to personnel costs, the work of the HR professional is critical to the CEO's credibility with the legislative body.

There are three contexts in which budgeting decisions are made: the administrative, the political, and the structural.

### Administrative Context

The kinds of decisions reached during the legislative review process involve trade-offs among competing interests for scarce dollar resources. Both decisions made by human resource managers about the appropriations to request and some of the subsequent analysis, review, and modification of those requested figures by executive (and possibly legislative) staff members will have been completed by the time legislative review occurs. The greatest decisions in the legislative review process are made by the members of the legislative body. However, the HR manager is responsible at this time for justifying his or her decisions, as requested by the legislature. In effect, the legislature is in a proactive decision-making mode and the HR manager—or any staff agency manager called to testify—is in a reactive decision-making mode during this phase of the process.

### Political Context

The decisions made during legislative review are not, however, merely administrative; in fact, budgeting is a subsystem of politics, not the other way around (Wildavsky, 1988). Thus the trade-offs made among competing groups for scarce dollars are not always based solely on the competing groups' relative merits. Rather, some legislative decisions are made, at least in part, on the basis of knowledge of the degree of support a particular option has and similar factors. In fact, decisions may be made strategically to benefit or discredit the requests of a particular agency, program, or group due to its association with a particular sponsor or leader. Some of the strategies that both legislatures and human resource managers might use in the political arena of the legislative review process are discussed later.

## Structural Context

How are positions shown in the budget? The answer to this question depends largely on the budget format or structure. Although many jurisdictions employ some sort of hybrid format, the evidence is that most still favor exercising ultimate legislative control over subsequent executive and agency spending and therefore use a line-item budget.

## KEY DECISIONS

The HR director may be called on to provide advice based on his or her expertise on a number of key decisions that the legislature will have to make during budget deliberations. Of course, employees of the government are acutely aware of the deliberations that involve their pay levels and benefits. Quite often, before the organization's budget is passed, there is considerable discussion among employees of whether raises will be granted, whether hiring freezes will be imposed, or whether downsizing will take place either through budget cuts or privatization. The HR director and the CEO realize that the discussions at the legislative level may affect the morale and level of job satisfaction of their employees.

Some of the key decisions that HR professionals are called on to advise legislatures during budget deliberations are the following:

### Deciding Whether to Increase or Decrease Positions

The bad yet well-known news for human resource managers is that the number one decision rule for budget authorities—discovered by Arnold Meltsner (1971) in his analysis of Oakland, California's budget review methods—is to cut all increases in personnel. Simply put, the budget category that is the largest in terms of direct spending in the public sector is also the most obvious and most vulnerable choice for budget reductions. More specifically, a common managerial position in times of fiscal stress today is to impose a hiring freeze. As W. Bartley Hildreth (1995) points out, a hiring freeze is a common announcement from incoming chief executives at all levels of government. Legislatures and budget analysts must take the financial status of the government into account when making decisions about allotted personnel positions. Aside from areas involving major new policy innovations, and assuming no severe financial crisis, the legislature is likely to lean toward allowing the previous fiscal year's personnel allotment to continue (Thurmaier, 1995).

The number of personnel positions allowed or directed to remain unfilled can generate substantial savings for a large government, at least on paper. The number of positions unfilled can thus be manipulated within the context of a balanced budget to make the expenditure picture appear rosier than it actually is.

For example, it was the practice of Governor Ray Blanton of Tennessee to provide some flexibility in the annual appropriation bill by budgeting all personnel positions at 100 percent in order to guarantee a revenue cushion during the fiscal year. Specifically, this was a way of overappropriating expenditures (or underspending revenues) because in a given year, turnover among state personnel ensured that appropriated position costs would be less than actual position costs.

### **Reviewing the Adequacy of Benefits Packages**

Personnel benefits (insurance, pension plans, and the like) may be protected from budget reductions by various laws and standards, as discussed earlier in this chapter. However, the adequacy of pension plan management should be monitored by the legislature using such common standards as those provided by the Government Finance Officers Association. Specifically, investment standards require a three-part test for investments: creditworthiness, appropriate liquidity, and appropriate market rate of return (see Mikesell, 1995). Mismanagement of pension plans, including the misuse of invested funds to achieve budget balance, has in the past resulted in severe costs and legal action for a variety of state and local governments.

### **Deciding Whether to Increase or Freeze Pay**

One of the centerpieces of the CEO's recommended budget to the legislature is the cost of a pay increase or the justification for not including a pay raise for the government's employees. If the CEO does recommend a pay raise for employees, it is generally supported by the wage and salary survey conducted by the HR department or by consultants. The CEO's recommendation for a pay raise may also be based on an increase in the cost of living if a salary survey has not been conducted in that budget year. Most governments use the Consumer Price Index as the basis on which they determine the impact that inflation has had on their employees' take-home pay. The HR staff's competence in conducting the wage and salary survey and in presenting the results to the legislature may well determine whether raises are included in the budget.

It is well established that pay by itself does not serve as a motivator for most employees. There are no studies that have linked across the board pay raises to higher productivity in government. However, if pay is inadequate when judged by market standards, it is a dissatisfier and will lead to problems of employee morale and turnover. Pay raises are often a signal to employees that the executive and the legislative body value their work.

In times of drastic financial stress, even wage freezes and cuts may not be seen as adequate by policymakers. For example, in 2003, Governor Bob Riley of Alabama warned voters that an impending fiscal crisis threatened state services, including education. He predicted that massive layoffs of public employees



would take place in all service areas unless the state government received more revenue. In a referendum held to seek approval of a large tax increase to fund state government, the voters resoundingly rejected the increase. As a result, the governor implemented severe cuts in many departments, froze hiring and pay raises, and predicted greater cutbacks in the next fiscal year.

### **Contracting Out, Downsizing, or Reorganizing**

The CEO may include in a proposed budget a recommendation to contract out service delivery, to downsize the existing workforce for increased efficiency or changes in priorities, or to reorganize for the same reasons. The importance of complete cost data, including information on the indirect costs of service provision, to making appropriate decisions cannot be overemphasized. Specifically, members of the legislative body must be as careful in comparing total costs for in-house versus privatized service provision as the members of the executive budget staff are when preparing the initial budget document. Legislators and their staff members should be able to either evaluate cost data provided by the executive branch or develop their own measures in order to assist with this type of decision. Of particular consideration to the human resource manager is the effect a decision to contract out a service will have on the configuration of personnel required to conduct noncontracted activities; that is, how will the individuals who formerly performed the proposed contracted-out function be used? Can the human resource manager make the case that the personnel presently performing the tasks in question are working efficiently and effectively? The HR manager has to deal with reductions in force and similar actions by restructuring work for those employees who survive.

The overall reorganization of government by executive order is a power afforded either informally or, more commonly, through constitutional or statutory provision to the governors of twenty-four states (Council of State Governments, 1991). In other cases, however, and in cases of disagreement over the means of reorganization, full-scale political war may break out between the legislative and executive branches. It is highly likely that some personnel positions will be casualties in such a war. Governor Jimmy Carter of Georgia used his line-item veto power more frequently than any other governor of the state when in a major policy disagreement with the legislature over a proposed reorganization (Lauth and Reese, 1993).

Downsizing and reorganization are sometimes combined in actions that may also detrimentally affect personnel and human resource managers. For example, when Governor Ned McWherter of Tennessee first took office in 1987, he instituted a massive reduction in force and restructured many major departments in state service. In the department of human services, for example, supervisors who had not held their positions long were demoted back to the level of caseworker, and many caseworker positions were eliminated as well.



## CONCLUSION

The human resource staff is crucial to the budget process both in the preparation of information for the chief executive officer and in the justification of the recommendations concerning personnel of the government to the legislature. Since a majority of most governments' budgets is spent on personnel, decisions on personnel matters play a central part in the deliberations of the management in the development of the budget and of the legislature in the consideration and passage of the budget. The decisions made in the budget process profoundly affect the ability of the government to perform its functions. Since people are the most important asset of the government in achieving its mission as well as its largest expenditure, extreme care must be taken to ensure equitable pay and benefits, first-rate training, and a safe work environment.

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# Toward Effective Human Resource Management

Stephen E. Condrey

The preceding thirty-two chapters, by forty-six authors, have brought together a wide range of insights into the study and practice of human resource management. The purpose of this concluding chapter is to highlight themes interwoven throughout this handbook and to suggest future avenues the human resource management field should take.

## THEMES AND DIRECTIONS

The *Handbook of Human Resource Management in Government* identifies ways in which human resource management must change to maintain its relevance to the academic community, elected officials, and most important, practicing managers.

The handbook contributors share four interrelated and overlapping themes:

- Human resource management should be strategically integrated into the functions and functioning of public organizations.
- Human resource managers should play an active role in developing and maintaining an organizational environment supportive of change and diversity.

- Effective human resource management requires a solid mix of technical and general management skills—it should be viewed as an integral and indispensable managerial tool.
- Public sector human resource management is practiced in an increasingly complex environment from both a political and a technical standpoint.

The following pages discuss each of these insights in turn.

### Strategic Integration

In a time of downsizing, rightsizing, decentralization, reinventing, privatization, outsourcing, and all-around general questioning of the roles and purposes of public organizations, human resource managers should seize the opportunity to become strategically integrated into the functioning of public organizations. David G. Carnevale and Kay Ham (Chapter Eleven) urge human resource managers to assist in creating “high-performance work organizations,” which they explain share the following characteristics:

- They are performance-based; they establish goals and evaluate outcomes.
- They strengthen the skills of employees through a strong commitment to human capital development and organizational learning programs,
- They create less bureaucratic, more decentralized organizational arrangements to enable faster response times to client and customer demands.
- They invest in technology to enhance information flow and to monitor organizational achievement.
- They appreciate that process concerns matter in the accomplishment of work.
- They cope with change.
- They are accountable to attentive publics.

Carolyn Ban (Chapter One) urges human resource managers to break out of a myopic and rule-bound role to “new roles more aligned with the mission of the agency or organization and more responsive to management’s needs.” Ban laments that too often personnel administration has focused on “enforcement of an increasingly convoluted set of laws, rules, and regulations” for governance of civil service systems. Ban also discusses three reform models—customer service, organizational development or consulting, and strategic human resource management. She proposes moving toward the strategic approach: “No longer should the focus be only on carrying out the rules and regulations; the new charge [of human resource management] is to support the mission of the organization.”

### **Involvement in Accommodating Change**

At no other time in U.S. history have public organizations faced such rapid change—both technological and demographic. These dual challenges place the human resource manager in a pivotal position for helping create an organizational environment supportive of both.

David H. Coursey and Samuel M. McCreary (Chapter Nine) challenge human resource managers to be anticipatory and proactive rather than reactive. Technological changes in the workplace will materially alter the nature and structure of public workforces. Human resource managers should strive to maintain an anticipatory stance to facilitate the training and retraining of skilled personnel. In addition, they should become skilled at adapting communication systems, reporting processes, and human resource reward structures to coincide with the new organizational landscape.

Technological change notwithstanding, changes in the demographic makeup of public organizations will visibly alter the nature and character of public organizations in the decades to come. Mary E. Guy and Meredith A. Newman (Chapter Seven) and Jonathan P. West (Chapter Eight) demonstrate that the racial, age, and gender composition of U.S. workforces have been changing and will continue to change significantly over the coming years. Guy and Newman stress that human resource managers should value the prospect of a diverse workplace: “Human resource executives who capitalize on changes in the workforce with every new hire, promotion, and training opportunity take advantage of the best that the American labor force has to offer.”

Demographic changes in the workforce will not be restricted to racial and gender composition. Continuing the pattern of diversity in the workplace, workers with disabilities will also increasingly take a prominent role in staffing and managing public organizations (thanks in part to the Americans with Disabilities Act, discussed by David Pfeiffer in Chapter Twenty). Thus the role of the human resource manager is not only to ameliorate the effects of past and current discrimination but also to help create an organizational milieu receptive of diversity, broadly defined.

### **Integral Managerial Tool**

A primary focus of this handbook is to broaden the expectations and vision of human resource managers so that they can become more fully integrated into the overall management of public agencies. Part Six is devoted to the theme that human resource management is an integral management function, crucial to the effective operation of government organizations. Adding key skills in benchmarking organizational productivity (Chapter Twenty-Seven, by David N. Ammons), developing strategic plans (Chapter Twenty-Eight, by Roger G. Brown and Mary Maureen Brown), conducting human resource management research

(Chapter Twenty-Nine, by Gary E. Roberts), effectively employing consultants (Chapter Thirty, by Glenn W. Rainey Jr.), providing employee benefits (Chapter Thirty-One, by N. Joseph Cayer), and developing budgets (Chapter Thirty-Two, by Douglas J. Watson and Catherine C. Reese) will not only make the human resource manager more effective in accomplishing traditional personnel functions, but will also broaden the managerial perspective and impact of human resource professionals.

Of course, traditional personnel functions such as compensation, recruitment, and selection are of continuing importance to human resource managers. Increased professionalization of these functions will continue to enhance the roles human resource professionals play in public organizations. Although not every manager will be expected to construct a classification and pay plan or devise an entire set of assessment center exercises, practical examples of the effective application of these techniques (see Part Five) assist managers in becoming effective judges of the efficacy of the current and future use of these techniques in their organizations.

### Complex Environment

Much of this handbook emphasizes the complex environment in which public human resource management is practiced. As Donald E. Klingner and Dahlia Lynn stress (Chapter Two), public sector human resource management is value-infused. As keepers of the public trust, human resource managers serve as gatekeepers and arbiters of an important resource—public jobs. The human resource manager must serve as referee of the often competing values of efficiency, social equity, responsiveness, and employee rights. Klingner and Lynn point out that value conflicts will surely become more prevalent as the emerging values of personal accountability, limited government, and community responsibility continue to influence the field: “Over time, the roles of human resources in public agencies have evolved along with changes in the political and administrative arenas.” Klingner and Lynn state that as public HR becomes more similar to private HR, with an emphasis on efficiency and costs, the public HR manager cannot lose sight of the historical and organizational roots of the field: “From a practical perspective, this means that the field of public human resource management is laden with contradictions in policy and practice resulting from often unwieldy and unstable combinations of values and systems.”

The environment in which human resource management is practiced is increasingly concerned with legal issues. Jerry Hartman, Gregory W. Homer, and Alisa H. Reff (Chapter Seventeen) report that the number of discrimination cases “has ranged between 75,000 and 87,000 per year. Even more significant, the number of employment discrimination lawsuits filed in federal court almost tripled between 1990 and 2000.” Furthermore, as David Pfeiffer demonstrates (Chapter Twenty), legislative mandates such as the Americans with Disabilities

Act of 1990 add complication to an already complex human resource legal environment. And as Michele M. Hoyman and Lana Stein explain (Chapter Nineteen), charges of sexual harassment are not yet rare in public sector workplaces.

Any discussion of the environment of public sector human resource management would not be complete without mentioning the influence of employee groups and unions. Unions are often the source of much distrust and antagonism in public organizations. Robert M. Tobias (Chapter Sixteen) states that as the relationship between public human resource managers and employee unions matures, the question remains as to whether “HR professionals and union leaders become players in the strategic decision-making process or continue on the margin of agency decision making.”

The past three decades have witnessed a convergence of social, political, and legal forces that have taken direct aim at the structure and practice of public sector human resource management. Even though these forces add to the complexity of the environment surrounding human resource management, they also enliven the field, making the public sector the most challenging and rewarding arena in which to practice human resource management.

## JOINING THEORY AND PRACTICE

The *Handbook of Human Resource Management in Government* is an extensive compilation of scholarly knowledge, practical advice, and examples of specific applications in public sector human resource management. Its primary aim has been to forge an alliance between effective human resource management theory and practice, that is, to develop a relationship in which theory informs practice and practice informs theory. This handbook should serve as a valuable resource for practicing managers and scholars as they guide the human resource management field through the challenging times ahead.





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